

# THE INDEPENDENT



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THURSDAY 11 JANUARY 1996

**SHOWGIRLS**

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## IRA arms offer may put peace on track

Government welcomes decommissioning idea

DAVID McKITTRICK  
Ireland Correspondent

Sinn Fein yesterday suggested that the IRA might dispose of its weapons, raising hopes of breaking the months-long log jam on decommissioning Ulster paramilitaries' arms.

While the Republicans ruled out the idea of guns being handed over to the British or Irish governments, they held out the prospect of an independent third party verifying the disposal of weapons as part of a peace settlement.

The suggestion, contained in a lengthy Sinn Fein document, was given a guarded welcome in official circles, where it was privately described as a hopeful and encouraging development. It forms part of a 29-page republican submission to the international body on decommissioning, headed by former US Senator George

The document does not appear to represent any Republican weakening on what has become known as "Washington 3" – the British Government's insistence that some weapons must be decommissioned before Sinn Fein can be admitted to all-party talks.

Nonetheless, many observers saw it as an advance in that the Republicans addressed the decommissioning issue with some seriousness, formally accepting that verification was essential in any decommissioning process. As such, it will certainly attract the attention of Senator Mitchell and his colleagues, giving them something to work on in the daunting task of trying to find common ground between the Government's "guns before talks" and Sinn Fein's "talks before guns."

Mr Major will now be considering whether to respond to the Sinn Fein move, and whether pressure on the Republicans should be maintained, or eased. Recent months have seen an unmistakable build-up in Republican disillusionment with the peace process.

The key Republican demand is for the convening of all-party talks. A target date for these has been set at the beginning of February, but they are not likely to proceed unless and until the arms issue has been resolved.

Martin McGuinness of Sinn Fein claimed yesterday that decommissioning was "a stalling device and a bogus argument" created by London to postpone talks. He said that while no one seriously expected the British Army and Royal Ulster Constabulary to surrender their weapons there should be a general de-militarisation, together with a review of the more than 100,000 licensed weapons which, he said, were mainly in the hands of Unionists.

In insisting that Sinn Fein was committed to peace, he said there was "not a scrap of evidence" to link the IRA with the recent killings of five alleged drug dealers since the beginning of December. Government ministers and the RUC have said the IRA was responsible for the shootings.

The Sinn Fein document, arguing that even a symbolic handing over of weapons would amount to a surrender, declared: "The pike in the ditch tradition persists and has in more modern times been translated into rusting guns in forgotten caches, decommissioning through disease and falling into disrepair."



Senator George Mitchell: Faces daunting task

Mitchell, which was established by the British and Irish governments in early December.

Senator Mitchell and his two colleagues are to meet John Major in London tonight to hear the British Government's position. Later they are to travel to Dublin where they will meet the Irish Prime Minister, John Bruton, and Sinn Fein president Gerry Adams. Talks are also scheduled with Ulster Unionist MPs and loyalist representatives in Belfast on Saturday. The final report on decommissioning is due next week.

The key parts of the Sinn Fein submission state: "We believe that as part of a peace settlement the disposal of arms by those in possession of them is a method which may find acceptance. This is a decision for those who have the arms." It added, in dealing with the question of verification, that the concept of an independent third party may also find acceptance.

Bypass builders find themselves on the road to nowhere



Security guards and protesters surround a digger being used to clear trees for the Newbury bypass. Work was abandoned for the second day. Report, page 2. Photograph: Stewart Cook

## Casualty units hit by doctor shortage

NICHOLAS TIMMINS  
Public Policy Editor

Hospital casualty departments across the country are facing a serious staffing crisis, which means that some treatments may have to be carried out by nurses rather than doctors.

Gerald Malone, the Minister for Health, yesterday told hospitals to introduce a range of measures, including allowing more nurses to do some of the less important treatments, reducing the paperwork burden on doctors and stepping up recruitment of staff-grade junior doctors.

As further evidence of the problems facing accident and emergency departments, the British Medical Association will today warn that casualty departments are "cracking under the strain" of rising emergency admissions and too few resources.

Figures compiled by the Department of Health show that almost 300 out of 1,300 senior house officer posts in England – more than one in five – are set to be vacant on 1 February, the date when junior hospital doctors rotate jobs.

Stephen Miles, secretary of the British Association of Accident and Emergency Medicine, said the situation looked

to be worse than last year when some hospitals first faced serious shortages.

Only a minority of trusts are affected, according to the department. But some hospitals in Kent, the West Midlands and South Thames are thought to have more than half their junior doctor casualty posts unfilled.

Yesterday Mr Malone wrote to NHS trust and health authority chairmen telling them they can lift the limit on recruiting staff-grade doctors to A&E – a non-training post below consultant grade. He said that for some units that would provide a "permanent" solution.

Guidance due to be issued

today will also detail a string of other measures from using nurses more to treat minor injuries, easing paperwork burdens on junior doctors, improving the quality of the training to make the posts more attractive, and offering them year-long, rather than six-month, contracts.

At the same time Sir Kenneth Calman, the Chief Medical Officer, is to review emergency services outside hospitals to ensure that the new primary care centres and other out-of-hours services being set up under a £45m deal with general practitioners are organised to provide "seamless" emergency care.

Mr Malone said he was making it clear to chairmen that "we don't just expect them to sit on their hands if they have a problem, but to act". After a meeting on the crisis he called before Christmas, best practice had been identified and it was now up to NHS trusts to implement that, he said.

His warning comes as the BMA releases a report today detailing "a crisis" in A&E departments of persistently rising admissions, continued waits on trolley beds and of trusts owing up to £1m or more for extra casualty work for which their patients are refusing to pay.

Leading article, page 14



Advertisement

## How to become a freelance writer

by NICK DAWNS

Freelance writing can be creative, fulfilling and a lot of fun, with excellent money to be made as well. What's more, anyone can become a writer. No special qualifications or experience are required. The market for writers is huge. In Britain alone there are around 1,000 daily, Sunday and weekly papers, and more than 8,000 magazines. Many of the stories and articles that they publish are supplied by freelances. Then there are books, theatre, films, TV, radio...

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## Sugar row sours end for Venables

NICK DUXBURY

Terry Venables yesterday sprung a surprise on the football world by announcing he will step down as the England coach after this summer's European Championship finals.

Venables' decision to stand aside after his first and last tournament in charge stemmed largely from the failure to resolve his long-standing dispute with the Tottenham Hotspur chairman – and his former employer – Alan Sugar.

Aged 53, Venables faces several court battles which he believes could affect England's chances of qualifying for the 1998 World Cup in France, by

creating conflicting demands on his time.

"It's sad that a highly valued and highly regarded and very inventive football coach, who has done well, should feel it necessary to reach the decision he has," said Graham Kelly, the FA chief executive.

The vast majority of football people will share the FA's deep regret that Terry Venables will not continue in his job after Euro 96."

In a statement, the FA said that Venables, who was appointed in January 1994 on a two-and-a-half-year contract, first indicated his intentions to step down on the day before last month's draw for the European

Championships – the biggest football event in England since the 1966 World Cup final.

The FA knew when it chose Venables as coach that it was entering a potential minefield of litigation. "The number of issues that have come out over that period of time have been greater than we might have expected," Mr Kelly said. "There is no point being dishonest – Terry Venables has said it."

There have been suggestions that certain members of the FA's International Committee, including the influential Ian Stott, were against Venables staying. Kelly, however, insisted: "He has received an extremely high degree of support from the top

people within the FA. That support has been expressed continually and consistently."

Alan Ball, a World Cup winner with England in 1966 and now the manager of Manchester City, called Venables' decision "a shame for English football", adding: "You need continuity at the top level as you do at club level and to keep chopping and changing does not do anybody any good."

The list of possible successors is headed by Kevin Keegan, the manager of Newcastle United, closely followed by Tottenham's Gary Francis.

Sugar feed, page 22  
The succession, page 24  
Ken Jones, page 24

### IN BRIEF

#### Hostage crisis

About 130 hostages were last night trapped in a stand-off between their Chechen rebel captors and the Kremlin. Page 8

#### Pistols to reload

The Sex Pistols are to reform for a world tour, led by Johnny Rotten, who is now a step-grandfather. Page 4

#### Today's weather

Generally dry and bright at first, but becoming wet and windy. Section Two, page 25

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Terry Venables: facing time-consuming court battles

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## news

# Labour claims victory in war of words

Labour tacticians yesterday claimed that John Major and Michael Heseltine made a strategic error when they chose to attack Tony Blair's idea for a "stakeholder economy" by saying it would mean a return to 1970s-style union power.

Mr Blair accused the Government of abandoning centrist "one-nation" political territory to Labour after it launched a concerted attack on a theme that Mr Major yesterday called "fancy packaging for new burdens in business".

As both Mr Major and Mr Heseltine accused the Labour leader of making an error by unveiling the new theme in his speech in Singapore on Monday, the Deputy Prime Minister declared: "It is entrenched and steeped in the traditions of the left, of socialism, of corporatism."

But Mr Blair retorted: "It is perfectly obvious what I am saying. It is that having a group of long-term unemployed people set apart from society, or young people who are without proper work or education, is a social and economic evil that we



Tony Blair: Seized on a strategic 'tory error'

should tackle. The idea that we are going to give power back to the trade unions is an absurdity and for them to attack that statement is absolutely extraordinary."

The fresh battle of ideas which could well dominate much of the prolonged campaign between now and polling day came at a new ICM/Guardian opinion poll last night cast a shadow over a bullish assertion by Mr Heseltine that the election was "woo for the

Tories." Mr Major, in confident and upbeat form at a breakfast meeting with businessmen in London also said that the election was "there to be won". But the Prime Minister warned that squabbling and divisions within the Tory party could surrender power to Labour.

The poll shows Labour's adjusted lead over the Tories increasing from 17 to 22 per cent – but the widening of the gap is entirely due to a surge in support for the Liberal Democrats in the wake of the defection by the MP Emma Nicholson, MP for Devon West & Torridge, the Secretary of State for Defence.

Mr Portillo said in a BBC television interview that the "stakeholder" idea was merely a re-run of Tory thinking from 1979 when the Conservatives encouraged share ownership.

"We were opposed tooth and nail by Tony Blair at the time, so if it is his big idea he's just

economy" may prove to be of more lasting importance than either the latest opinion poll, or the keynote speech by Baroness Thatcher tonight which the Tory high command are awaiting with some apprehension.

Lady Thatcher is expected to attack Labour but also to enter the internal argument within the Tory party by making it clear there should be no lurch to the left to deal with Mr Blair.

Labour strategists had genuinely expected senior ministers to dismiss the "stakeholder economy" in the terms used on Tuesday by Michael Portillo, the Secretary of State for Defence.

Mr Portillo said in a BBC television interview that the "stakeholder" idea was merely a re-run of Tory thinking from 1979 when the Conservatives encouraged share ownership.

"We were opposed tooth and nail by Tony Blair at the time, so if it is his big idea he's just

16 years out of date."

Instead Mr Major and Mr Heseltine have caused some dismay among left-of-centre Tory MPs by suggesting that Mr Blair has opened up what the Prime Minister called "clear red water", and by claiming that the new theme means a hand back of power to the unions.

The sole evidence for this assertion – dismissed out of hand by Mr Blair yesterday – appears to be that Margaret Beckett, the Labour's trade and industry spokeswoman, referred to the many interest groups, in particular the general public, who are excluded from some of industry's thinking in the past.

At least two prominent left-wing Tory MPs expressed private but serious doubts about their leadership's strategy yesterday – ironically suggesting that Mr Portillo had been much nearer the mark. One said:

"Tony Blair clearly isn't a socialist. He's using our language, if anything he's actually taking on and developing some of our ideas. What we should be doing is trying to divide him from his party."

Another said: "Of course he's coming on to our ground. The trouble about admitting that is that it helps to reinforce the impression that he's on the right track."

"The best thing is to say that we don't know what this idea means; it's like trying to nail a

jelly to the ceiling. But the Government needs to make up their mind. They seem to be in such disarray."

Mr Blair intends some of the ideas inherent in the "stakeholder" concept to be fleshed out soon at a conference of academics, politicians and businessmen.

In a key speech today David Blunkett, education spokesman, will say that Mr Blair's Singapore speech "is a clear indication of our belief that the economic and the social are inseparable and that it is vital that we embrace all the talents of all of the nation".

He will add: "Labour has all the clear policies to build the economic prosperity and social cohesion necessary to develop such a society."

In contrast to Mr Heseltine's claim yesterday that Mr Blair had "lifted the curtain" on a left-wing, traditionally corporatist, agenda, Labour believes it has started to impress on the public mind that social cohesion is not only desirable in itself but contributes directly to a more successful economy.

## IN BRIEF

Crews escape as RAF fighters collide

Two RAF Tornado fighters collided in mid-air during a low-level exercise yesterday. The four crew escaped with two suffering minor injuries.

The Tornado F3 fighters, from 56 Squadron, crashed nine miles north-west of their base at RAF Coningsby, in Lincolnshire. A board of inquiry has been convened. The accident cost the taxpayer £40m.

Witness Stewart Rhodes, of Ewerby, said: "I saw the aircraft dodging at a height of about 700 or 800ft. Suddenly I saw a flash. One of the planes started to spiral, he had lost his right wing. The plane hit the ground and there was a fireball."

## Education clash

The chief inspector of schools, Chris Woodhead, has been censured by the Council of Local Education Authorities over a pamphlet he wrote for a right-wing think tank questioning their existence and accusing them of creating a "dependency culture". They are to make an official complaint to the Secretary of State for Education, Gillian Shepherd, that he overstepped the mark in supporting Conservative policies.

## Lottery claimed

The third winner of the record £40m national lottery jackpot, who wished to remain anonymous, claimed their £14m share of the prize. The £2,000 a day interest for the unclaimed period will go to good causes.

## Maxwell jury still out

The jury in the Maxwell trial were sent to a hotel for a third night after failing to reach verdicts on all the charges facing Robert Maxwell's two youngest sons and a former aide, Kevin Maxwell, 36, his brother Ian, 39, and Larry Trachtenberg, 42, deny conspiracy to defraud pension funds by misusing £22m. Kevin alone denies conspiring with his father to defraud the pension funds by misusing £100m in shares.

## Pay row looms

Leaders of 1.5 million local government workers were warned that any pay rise above "around 2 per cent" would risk damage to services and jobs. Leaders of the public service union UNISON hold out little hope of agreement in talks on 29 January after lodging a claim for £4.15 an hour and a flat rate increase of at least £1,000 – calculated by management to be worth 6.9 per cent.

## Cinema record

British cinemas said they had their highest ever grossing turnover at the weekend with £7,240,821 changing hands at the box office. The most popular films were the thriller, *Six*, with Brad Pitt; the latest James Bond, *GoldenEye*; and *Babe*. The previous record was set by the opening of *Jurassic Park* in 1993.

## Reeve appeal

The two elder children of actor Christopher Reeve, paralysed in a fall from a horse, launched a campaign to raise £500,000 for research into spinal injuries. In a message read out at the launch of *Push 2000* by his 16-year-old son Matthew, the *Superman* star said his hopes for a medical breakthrough are high. Reeve, 42, was

## Dead embarrassing

A funeral company apologised after a coffin containing a body fell out of a van in Tinkerton, Kent, exposing the corpse. A spokesman for John Kemp funeral directors said in 20 years it was the first time he had known such an accident happen.

## THE INDEPENDENT ABROAD

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Iraq	... 45p	Portugal	... 16,200
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## RATE ISSUES

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## Bypass protest scores another victory

DANNY PENMAN

Campaigners against the Newbury bypass scored another victory yesterday when they forced contractors to abandon preparation work on the road. About 500 security guards have been fired by the contractors to stop protesters from interfering with the work. They have become the prime target of the campaigners.

Working before dawn yesterday, a group of about a dozen activists blockaded the main gates of a firm supplying coaches for the security company. They chained themselves to the gates of the main coach compound and prevented vehicles from leaving. They refused to unshackle themselves until the company called back the coaches sent to pick up the security guards. The company, Horsman Coaches, complied, leaving the guards stranded in their own compound, about 15 miles from Newbury. Later, Reliance Security, which provides the guards, pulled out of the contract. Norman Fryer-Saxby, general manager of the coach depot, said he was pleased the contract had been cancelled.

One of the activists said:



Protesters battle with guards in Penn Wood, on the route of the Newbury Bypass, yesterday, while an injured security guard receives attention



Photographs: John Voss

he and his colleagues would now try to find the new coach firm, so they could "take the same action on them". On Tuesday, protesters blocked the security guards into their own compound and prevented work from starting.

Yesterday, at about 8am,

cocontractors began clearance work for a secure compound at Pen Wood, at the southern end of the route.

A digger, flanked by about 50 security guards, entered the mixed oak woodland and began uprooting the trees. Within minutes, a dozen protesters ar-

rived and tried to scale the digger but without success. About 50 trees over an area the size of a football pitch were uprooted before protesters stopped the work. By 9.30am, about 80 protesters were grappling with 150 security guards.

Some formed human lad-

ders so that others could climb into the trees to stop them being felled, whilst others tried to dive under the digger.

After several hours, the guards were unable to prevent demonstrators from occupying the trees and crawling under the digger.

Police finally intervened shortly before midday. Officers placed themselves between the security guards and protesters to calm the situation and "recommended" that work be halted for the day. Two people were arrested. The digger was duly removed, flanked by both

security guards and demonstrators.

Pete, one of the organisers of the Third Battle of Newbury protest group, said they were "very happy". The campaigners were last night laying plans to stop the contractors for a third successive day.

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## Dead rats shut Holloway wing

HEATHER MILLS  
Home Affairs Correspondent

Rotting dead rats posing health risks to prisoners and staff have forced the closure of part of the hospital wing at Holloway prison – the latest scandal to hit the troubled north London jail.

Staff were sent home on Tuesday and mentally ill prisoners confined to their cells as day care facilities of the ground floor hospital were closed because of what was called "vermin overload". Sources suggested the stench had become overpowering and staff were complaining of illnesses, which they believed may have been linked to the unhealthy conditions.

Pest control experts have been working daily in the country's largest women's prison, ever since prison inspectors walked out in disgust at the infestation of rats, cockroaches and lice and the "overzealous" security. The concerns of Sir David Ramsbottom, the Chief Inspector of Prisons, were said to have included the use of manacles on all pregnant women at

teaching hospital – a controversial measure defended by ministers in the Commons yesterday and condemned by Labour.

The only concession made to the prisoners and many of the staff who are unhappy at the use of chains for all women – no matter what their medical condition or threat they might pose – is that pregnant women will no longer be shackled to male officers during hospital visits.

Another concern at the prison is that mothers attending hearings about the care and custody of their children are also being chained.

Harry Fletcher, assistant general secretary of the National Association of Probation Officers, said: "Women are being held in intolerable conditions in Holloway prison. The Prison Service no longer seems to differentiate between male and female prisoners despite their differing needs in terms of medical and child care and the difference in the threat they pose. There needs to be an urgent change in the service's approach."

Pest control experts have been working daily in the country's largest women's prison, ever since prison inspectors walked out in disgust at the infestation of rats, cockroaches and lice and the "overzealous" security. The concerns of Sir David Ramsbottom, the Chief Inspector of Prisons, were said to have included the use of manacles on all pregnant women at

teaching hospital – a controversial measure defended by ministers in the Commons yesterday and condemned by Labour.

The pilot of the Chinook helicopter that crashed on the Mull of Kintyre in 1994 killing 25 anti-terrorist officers from Northern Ireland was "elite" Special Forces crew who were "more safety-conscious than most", a fatal accident inquiry heard yesterday.

Flight Lieutenant Jonathan Tapper, his co-pilot, Fit Lt Richard Cook, and their two navigators were chosen to carry out some of the armed forces' most secret operations because they had "a higher degree of navigational ability than standard crews", the inquiry at Paisley Sheriff Court was told.

Fit Lt Tapper and Fit Lt Cook have been blamed for the RAF's worst helicopter crash. An MoD inquiry, headed by Air Vice-Marshal John Day, said they were "grossly negligent" when they flew through fog near the Scottish coast, ploughing into a 1,400ft mountain.

An RAF pilot who flew training flights with the four crew members who died in the accident said: "It was a very experienced and very safe team." The Special Forces officer, unnamed for security reasons, told the inquiry that the navigator, Master Air Leader Graham Forbes and Sgt Kevin Hardie, were "among the top in their profession."

Lawyers for the pilots' families, who blame mechanical failure and fear they are being made scapegoats, closely questioned the unnamed RAF officer and another man, John Coles, who was based at RAF Aldergrove in Belfast, where the Chinook began its flight.

Mr Coles, who flew the helicopter with the two pilots on the morning of the disaster, told the inquiry the crew had been flying this Chinook Mark II for only two days before the crash. The twin-rotor aircraft arrived in Ulster on 31 May 1994 after a refit carried out in the US by the manufacturer, Boeing. Fit Lt Tapper reported a fault with the satellite navigation system and problems with an engine temperature gauge.

The inquiry continues today. Dr Skuse's action is a defence and counter-claim. The firm has been involved in many high-profile cases over the years. In 1988, one of its clients, Winston Churchill MP, won substantial damages from the *Observer* over allegations that he had been involved with plots against the Labour government in the 1960s. Four years ago the firm charged the then Chancellor, Norman Lamont, £23,000 to evict a sex-therapist from his home, and to issue warnings to the press. It represented Bill Roach, the *Coronation Street* actor, who won £50,000 from the *Sun* after it described him as boring. The paper had paid the same sum into court, so he had to pay his own costs.

Last month, it represented David Askey, the Conservative MP who unsuccessfully sued the *Sunday Times*.

## Birmingham Six scientist sues law firm

STEPHEN WARD  
Legal Affairs Correspondent

Frank Skuse, the forensic scientist whose evidence helped convict the Birmingham Six, has been granted legal aid to fund a six-figure damages claim against his former solicitors, Peter Carter-Ruck and Partners. His claim is for compensation for errors he alleges the firm made when he sued Granada

# Supermarket checks out shopping by phone

CLARE GARNER

The age of supermarket shopping from home may finally be dawning as Sainsbury's becomes the first large store to offer a home delivery service.

The chain has handed over the franchise to a London-based home delivery company, Supermarket Direct, which will deliver weekly groceries to customers' homes at a day's notice.

Dominick Scott Flanagan, joint chief executive of Supermarket Direct, said yesterday: "We are turning full circle. My grandmother never used to go to the supermarket because she didn't exist. She simply rang up her grocer and a young boy would deliver it on a bike. Grocery delivery is nothing new for the British public."

In the last three months, the firm has sent direct mail

to 160,000 homes in central and south-west London, and received 1,500 replies. It anticipates a turnover of up to £150m from this area alone.

Customers can browse their 130-page colour catalogue and select any of the 2,500 Sainsbury's products for the same price as they would pay in the retail outlet. To place an order the customer must simply pick up a telephone - or, by the sum-

mer, key into a computer - and quote each product's four-figure code. For a £4 delivery charge, the goods will be delivered anytime between 8am and 10pm the next day.

Sainsbury's chief rival Tesco yesterday denied reports that it had experimented with home deliveries and abandoned the idea.

"We now sell wine, flowers and hampers via Computer

on the Internet and we also have a site on the Windows 95 part of the Internet," a spokesman said. "For the past three months we have been working in conjunction with Ealing social services on a home delivery service and the same scheme has been up and running in Gateshead for the past 12 years."

Other chains, including Asda and Somerfield, have in the past rejected home deliveries as un-

viable. A spokeswoman for Asda said: "One of the things we pride ourselves on is our personality. We have greeters so that as soon as you walk into the store you get the feeling of almost walking into someone's home. Our shoppers definitely prefer to come into the store."

A Somerfield spokeswoman said: "We are monitoring the market but home delivery is not something we are actually

looking at at the moment." John Hollis, a partner at Andersen Consulting which is responsible for Smart Store Europe - a research and development centre in Windsor used by retailer and manufacturer boards - believes home shopping will be widely available by the millennium.

Sainsbury's insists that home deliveries will complement rather than compete with its supermarket outlets. A spokesman said: "All it's doing is offering people a choice."

## Wife who 'came back from dead' had taken overdose, says lawyer

WILL BENNETT

Daphne Banks, who little more than a week ago was lying in a hospital mortuary, sat silently yesterday and listened to her solicitor described how her suicide attempt had so nearly succeeded. Smartly dressed in a blue cardigan and checked skirt but painfully thin, Mrs Banks smiled for the cameras as Anthony Northey said the doctor who declared her dead had made "an error of judgement".

Mrs Banks, 61, was found unconscious in bed after taking a drugs overdose on New Year's Eve.

She was discovered by her husband, Claude, at their home in Stony, near Huntingdon, Cambridgeshire, and subsequently pronounced dead by David Roberts, the family's GP.

Three hours later, Ken Davison, an undertaker who knew the Banks family, saw a vein twitch and heard her snore in the mortuary at Hinchingbrooke Hospital, Huntingdon, just as he was preparing to put her in a refrigerated body tray.

Yesterday, accompanied by Mr and Mrs Banks, Mr Northey outlined the circumstances that led to her apparent death as people elsewhere celebrated the arrival of the new year.

Daphne unfortunately suffers from epilepsy. As a result ... she was not able to drive. Because of her increasing years she was no longer able to walk into Kimbolton, some distance from

her home. As a result, she felt very lonely and isolated and started to suffer from depression. This sense of depression gradually built up and on New Year's Eve ... She could not face going on. She took a large quantity of her epilepsy tablets and also some sleeping tablets which she kept in her dressing table. After taking the tablets she climbed into bed and just drifted off to sleep," Mr Northey said.

"Her next recollection, a very vague recollection, was of seeing her daughter leaning over her for a few brief seconds. This would have been at about 8am on 2 January. She promptly went back to sleep but then drifted in and out of consciousness for the next couple of days. She does not have any real recollection at all of the days up to Friday 5 January."

He said that last Friday doctors felt Mrs Banks had made such good progress they could tell her what had happened. But it did not sink in: the enormity of her brush with death was too much for her to comprehend.

Mr Banks, 69, a farmer and acquaintance of John Major, the local MP, wiped his eyes and looked stunned as the solicitor described the desperation felt by the woman he has been married to for 40 years. Dr Roberts, who is in his late thirties and has practised from a surgery in the nearby village of Great Staughton for about a year, will not face any legal or

disciplinary action. Mr Northey said Mr and Mrs Banks had decided not to make any formal complaint to the family's health services authority, the General Medical Council or the health services ombudsman. "They have also decided that they do not intend to institute legal proceedings. Obviously the doctor in question made an error of judgement but luckily the error of judgement has not had fatal consequences."

"The family are just extremely grateful and relieved that Daphne is alive and making very good progress."

"Clearly the family are taking a magnanimous line in not wishing to pursue what was obviously an error of judgement or looking for any compensation or retribution."

Diana Jakubowska, head of communications for the Cambridge and Huntingdon Health Commission, said: "The commission has examined the information available ... and has decided that on the basis of that information it would not be appropriate to take any further action at this time."

"The doctor concerned does not present a danger to his patients or the public. Our confidence in his continued future performance has not been diminished by our inquiries."

Dr Roberts was not at home or at his surgery yesterday. A spokeswoman for the practice said: "He will not be making any comment at all."



Reunited: Daphne Banks and her husband, Claude, yesterday. A week ago she was in a mortuary, given up for dead. Photograph: Peter Macdiarmid

## £10m deal for hot chocolate at the Rover's Return

MARIANNE MACDONALD  
Media Correspondent

ITV is poised to sell off the family silver in the shape of a sponsorship deal for *Coronation Street* with Cadbury.

It would mean Cadbury's name or products would be advertised before and after the soap. For example, a 15-second slot at the start could announce "Sponsored by Cadbury", and be repeated in 5-second bursts around the commercial breaks and a 10-second slot at the end.

The *Coronation Street* logo could be used on Cadbury products and the company could use the programme and its stars for promotions as part of an agreement likely to cost £10m.

Yesterday Paul Chard, head of sponsorship at Lister, Granada's sales house, said: "It's no secret that *Coronation Street* is up and available for sponsorship." He refused to confirm that Granada was close to an agreement with Cadbury. "There is no deal," he said. "We have talked, but we have talked to a lot of people."



Sweet future: Curly and Racquel from the flagship soap

It is 18 months since Granada began searching for sponsorship for ITV's top soap opera. Last August it appeared close to a deal with Pedigree Petfoods, owned by Mars.

In December 1994 Granada was in discussions with Allied Domecq, makers of Tetley bitter, Pedro Domecq sherry, Tetley tea and Dunkin' Donuts.

What is surprising is that it has taken so long for Granada

to conclude a deal, when there is so much interest in sponsoring ITV's jewel in the crown.

It is this that makes any deal delicate, not least as it may affect the estimated £18m a year that *Coronation Street* generates from advertising revenue.

The possible field of sponsors is also restricted because it is unlikely any companies other than the top 15 advertising spenders could afford sponsorship of the

programme, which was 35 years old last month.

ITV ploughs substantial resources into tracking the success of sponsorship deals - for example Tetley and *The Darling Buds of May* - and testing audience reaction. Although it has had no indication that they irritate viewers, they have never been agreed for a programme as long-running and as much loved as *Coronation Street*. An industry source said that substantial research would also be undertaken before signing to Cadbury: "With *Coronation Street* one takes exceptional care the need not to upset viewers. They treat it as if it's real life."

An example of the bad publicity sponsorship can generate occurred last week, when it emerged Heineken had criticised *Hotel Babylon*, the ITV music show it sponsors, for having too many "negroes" in the studio audience. The previous biggest TV sponsorship deal was the £4m agreement between ITV and Diet Coke for a series of movie premieres.

## Church rejects traditional doctrine of hell as 'appalling and sadistic'

ANDREW BROWN  
Religious Affairs Correspondent

Traditional doctrines of hellfire and eternal torment are "appalling theologies which made God into a sadistic monster and left searing psychological scars on many" according to the Church of England's Doctrine Commission.

The commission's latest report, *The Mystery of Salvation*, maintains that hell must exist: "The reality of hell ... is the ultimate affirmation of human freedom," the report says. But it adds that hell may prove empty. "Annihilation might be a truer picture of damnation than any of the traditional images of the hell of eternal torment ... Hell is not eternal torment, but it is the final and

irrevocable choosing of that which is opposed to God ... whether there are any who do so choose, only God knows."

The report rejects literal understandings of the Second Coming expressed in such biblical passages as: "He is coming with the clouds; every eye will see him"; and: "This Jesus, who has been taken up from you into heaven, will come in the same way as you saw him go into heaven." The passages, it says, "are not intended to provide literal depictions of the event, as though Jesus were a space traveller returning to earth: They refer, in the far more profound language of biblical imagery, to the manifestation in this world of that which is already true of Jesus Christ in heaven."

The report is the latest in a series of three that have appeared over the last 10 years, and which attempt to reconcile the Christian faith with science and feminism.

"In any church or community there may be debate about this or that item of feminist agenda; but such disagreements are dwarfed by the immense gap that separates our generation from those that have gone before ... for us, these questions, whatever we think about them, are unavoidable." The injustices imposed by men on women are denounced as sinful by the commission, which, however, draws back from using inclusive language about God.

One member of the commission, the Dean of Lichfield, Dr Tom Wright, said yesterday that the report attempted to

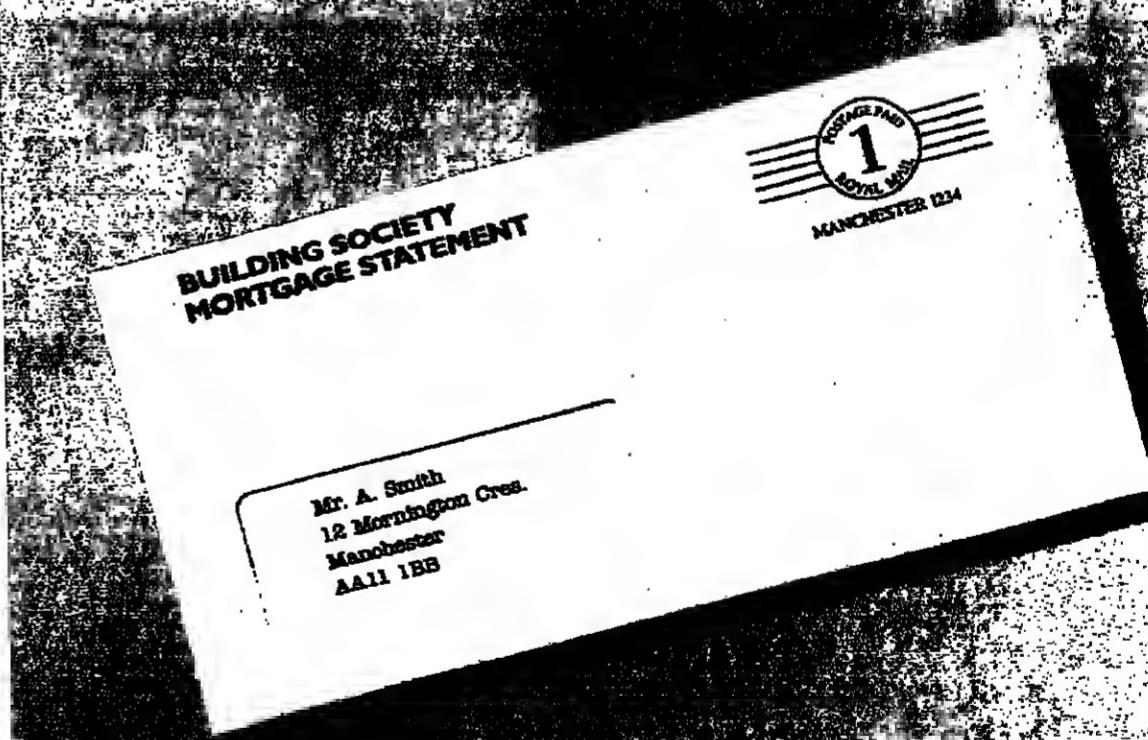
clear away Victorian ideas and get back to the understandings of the early church.

The report gives short shrift to traditional images of the soul and the fate of the heathen. The soul, it says, is not a separate substance from the body, but best understood as the "information-bearing pattern of the body", a phrase that is meant to return towards the Aristotelian idea of the soul as the "form" of the body, since modern science has shown that a strict division between body and soul makes no sense.

The commission says that "People are enabled to live better lives through loyalty following other faiths, and this must mean that God is at work in those faiths."

Leading article, page 14

Here's one statement  
that doesn't  
tell the whole story



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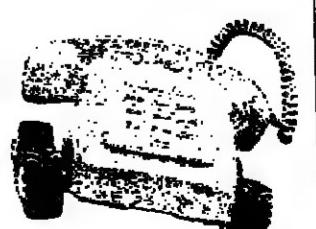
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## news

### Pistols bring anarchy back to UK



Pretty vacant: The Sex Pistols changed the cultural landscape of the Seventies. Now, nearly 20 years later, they will take to the road again

REBECCA FOWLER

The Sex Pistols are to reform – almost 20 years after they hung up their battered guitars and removed the safety pins from their noses – for a world tour led by Johnny Rotten.

The punk group, best known for "Anarchy in the UK" in 1976, who outraged the establishment and were banned from television for their single "God Save the Queen", will announce

details of the tour and plans for a live album in the next month.

They are expected to strike a multi-million-pound deal to appear at music festivals in Europe, the US, and the Far East, although the details are surrounded by appropriate confusion.

Rotten, whose real name is John Lydon, said his plans for 1996 were "disturbing, shocking and disrupting".

The group will rehearse for four weeks before the tour,

amid some concern that their anarchic style will be dulled by the fact they are now all proficient musicians. Lydon, 39, will sing with the original group members, Steve Jones, 40, on guitar, Paul Cook, 39, on drums and Glen Matlock, 39, on bass.

According to a spokesman for Virgin Records, which holds the back catalogue for the Sex Pistols' work, they will play

their most famous songs. "As far as we know, there are no plans

to record new numbers, and there is this possibility of a live album which we are obviously interested in, with the old stuff."

However, the group is unlikely to reproduce its version of "My Way", sung by Sid Vicious, the infamous bass guitarist who epitomised the punk movement. He died of a heroin overdose in 1979.

The Sex Pistols' former manager, Malcolm McLaren, will be another notable absentee from

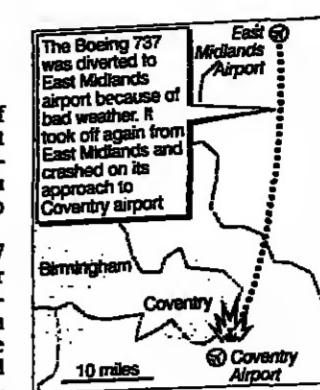
the reunion. The group successfully sued him for £80,000 for the rights to their music.

The plans met with a mixed reception from punk followers yesterday. Julie Burchill, the journalist who knew the group in the 1970s, said she was devastated. "It's like hearing the announcement of a death. They were the first perfect pop group, they knew when they were finished, and broke up and died. This is awful."

The report concludes that the performance of the flight crew was impaired by the effects of tiredness. They had completed more than 10 hours of flight duty through the night. Pilots are normally supposed to work no more than nine hours at night, but in exceptional circumstances, when there are delays, they can work up to 12 hours.

The findings will give powerful ammunition to pilots' organisations throughout Europe which are opposing plans by the European aviation authorities to allow longer duty periods at night. A spokesman for the British Airline Pilots' Association (Balpa) said: "Pilots in Europe to relax flight limits must be resisted at all cost. UK flight crews will continue to warn that flying and fatigue don't mix."

The accident also raises questions about the safety of foreign aircraft using UK airports and yesterday, Lord Goschen, the aviation minister, responded to the Air Accident Investigation Branch's report by an-



could not "lock on" to Coventry's radio beam as it was unable to receive the airport's specific wavelength.

A few days earlier, Air Algerie engineers, worried about the 21-year-old plane's inability to land in conditions of poor visibility, had even tried to fit the required ILS equipment to the aircraft but had been unable to make it work and had refitted the older equipment. If the appropriate ILS equipment had been on board, the plane would have been able to land on its initial approach to the airport.

Instead, the pilot decided to divert to East Midlands, apparently without obtaining permission from Air Traffic Control and, according to the report, caused a potential hazard to aircraft landing at Birmingham.

After an hour at East Midlands waiting for the fog at Coventry to clear, the crew, anxious to finish their duty, took off for the short trip to Coventry.

Because of the lack of an automatic landing guidance system, the aircraft had to be "talked down" by an air traffic controller, using the airport's radar equipment.

This went ahead uneventfully, until there was a power failure at the airport, caused by the Boeing hitting an electricity pylon. The pilots, possibly due to fatigue, had failed to follow the proper procedure of cross-checking readings of the altimeter which had been properly calibrated.

The report says no mechanical defects were discovered. Responsibility for the accident rested with the two pilots.

### Jet death crash blamed on crew's tiredness

CHRISTIAN WOLMAR  
Transport Correspondent

Tired pilots and a lack of up-to-date guidance equipment caused the Coventry air disaster in December 1994, in which five people died, according to the official accident inquiry.

The Air Algerie Boeing 737 was on a 14-minute transfer flight from East Midlands airport to Coventry when it hit an electricity pylon a mile from the runway, flipped over and crashed into a wood, having narrowly missed a housing estate.

The report concludes that the performance of the flight crew was impaired by the effects of tiredness. They had completed more than 10 hours of flight duty through the night. Pilots are normally supposed to work no more than nine hours at night, but in exceptional circumstances, when there are delays, they can work up to 12 hours.

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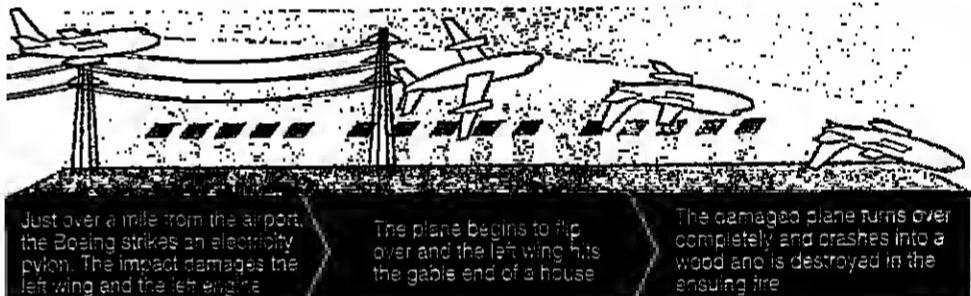
nouncing an increase in inspections on "foreign registered aircraft where there is doubt as to whether international safety standards are being observed".

The Air Algerie Boeing, with two crew and three passengers, was used to ferry veal calves to France and Holland following the ban imposed by many ferry firms in the face of animal rights protests.

The plane was chartered by Phoenix Aviation for a series of flights between Coventry and Europe. On the day of the crash, 21 December 1994, the pilots, who started duty at half past midnight, were due to make two round trips to Amsterdam, returning empty each time. They were due back at Coventry at 7.30am, but on the second return flight, visibility at the airport had deteriorated to less than the 1,100 metres required for the plane to land.

Although the aircraft was fitted with an Instrument Landing System (ILS) which would have allowed it to land in foggy conditions, the equipment

#### The last moments of flight ACE 702



### Champion golfer tells of knock-out punch

A champion woman golfer yesterday told how she "froze" when she punched a fellow club member from his bar stool with a single right hook.

Philomena Vaughan, 42, struck out and floored 6ft-tall John Price, 49, after she claimed, he rubbed her thigh at a trophy presentation evening.

"He fell off the stool and I just froze. I just went numb," she told an industrial tribunal. "It wasn't a violent blow. I think he more or less fell off because he lost his balance."

Mrs Vaughan, three times club champion at Dewstow Golf Club, Gwent, claims she was later sacked unfairly from her job as the golf shop manager. The Cardiff tribunal has heard how she was dubbed "Muhammad Ali", or "Rocky" as news of the incident spread.

Giving evidence, Mrs Vaughan, a Welsh Gold Medal winner and Dewstow's Golfer of the Year, described how she was helping out at the awards night when the blow was struck. She said that as she walked past Mr Price in her long dress she felt

his hand go under her waistcoat on to her thigh. "I said, 'Take your hand away from me,' and flicked it across my face, touching the tip of my nose. As he did that I put my left hand up and then hit him with my right hand on the side of his face."

Mrs Vaughan, of Rogiet, near Newport, said other ladies in the bar laughed as Mr Price fell to the floor. She then went to find her husband Peter, a company sales manager, who was also attending the event as a prize winner. She told him: "John Price touched me up and I have hit him. He's on the floor."

Mr Price, from Caldicot, Gwent, denies touching Mrs Vaughan and a club investigation could find no witnesses to the alleged assault. The tribunal was also told of events which led to her suspension and sacking two months later.

Mrs Vaughan, whose case is backed by the Equal Opportunities Commission, claims that the club is guilty of sexual discrimination because Mr Price was not treated in the same way. The tribunal was adjourned until March.



Philomena Vaughan: 'Froze' after punching fellow golfer

### Brewers act to dilute 'soft' drinks criticism

JOHN MCKIE

A group representing the drinks industry yesterday announced a code of practice for the naming, labelling and promotion of alcoholic "soft" drinks.

But the move was immediately dismissed as "toothless" by Labour's Consumer Affairs spokesman, Nigel Griffiths.

The Portman Group said yesterday that all the leading brewers had agreed to a code of practice in the wake of criticism that the marketing of such drinks could lead to a rise in under-age drinking. But although the main breweries agreed that a code should be im-

plemented, they have not yet agreed to the proposals put forward yesterday by the group's chairman, Dr John Rae.

These included a ban on characters or designs likely to attract younger people and a clear distinction between drinks associated with childhood and alcoholic drinks.

This would affect the most successful brand, Bass's Hooch, which is marketed with a smiling lemon. It sells around 2 million bottles and cans a week.

A Bass spokeswoman, Lesley Allman, said: "We are keen that a code of practice is put in place but it would be premature to comment on specific proposals."

Mr Griffiths attacked the proposed code for failing to control drinks marketed by smaller brewers, who are not Portman members. Only two of the 30 "soft" drinks that Mr Griffiths has identified – Hooch and Aquafina – are manufactured by group members. "The Government has washed its hands of this problem," he said. "Advertising rules over alcohol have been flouted, the Portman Group is a toothless group and the Government is in the pockets of the brewing industry."

A Home Office spokesman confirmed that the Government was "looking at the problem as a matter of urgency".

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Washed up: A dolphin corpse lies on the beach near St Michael's Mount, in Cornwall, one of 11 that have been found along the southern Cornish coastline in recent days. Photograph: Nick Tregenza

news

## Dolphin deaths are blamed on fishing methods

NICHOLAS SCHOON  
Environment Correspondent

Eleven dolphins have been washed up dead along the southern Cornish coastline over the past few days. Conservationists believe an influx of Scottish fishermen are to blame.

Dolphins and porpoises can become trapped in fishing nets and drown. Surveys in British waters and overseas have shown this causes thousands of deaths each year, most of which go unrecorded because the corpses are never washed ashore.

Before Christmas, about 40 Scottish mackerel fishing boats arrived in Cornish waters. Usually a few arrive at that time of year, but the number was much higher on this occasion.

The Scots expected large shoals to migrate out of Norwegian waters, where they are not allowed to fish, into Scottish seas. But this year the mackerel were late arriving, so the boats sailed south in search of shoals off the West Country.

Nick Tregenza, chairman of the Cornish Wildlife Trust, said European and American research had shown that dol-

phins and pilot whales could die in the mid-water trawl nets used to catch pelagic fish which swim well above the sea-bed like mackerel, hake and bass.

"Some of these marine mammals go for easy pickings around the mouths of the nets, catching the fish there," he said. "But they run a high risk when the nets are drawn in."

Dr Tregenza, a part-time GP who researches marine mammals, added: "We're not saying the fishing should stop; what's needed is techniques for scaring the dolphins away."

The South-west has not seen such high dolphin mortality since the winter of 1991-92, when 110 corpses were washed up in the region.

Jim Slater, chairman of the Scottish Pelagic Fishermen's Association, said there was no reason to single out the Scottish fishermen. French and Irish boats were also using mid-water trawls in the area, as well as local boats from Devon and Cornwall. "I don't dispute that fishing does kill some dolphins and porpoises," he said. "But I don't think having 11 washed up is cause for a major rethink."

## Hospitals rationed as blood stocks hit new low

LOUISE JURY

The National Blood Authority has been forced to ration blood supplies to hospitals after stocks fell to a record low.

A national advertising campaign for donors has been extended by a week and extra donor sessions laid on after stocks in England and Wales sank to less than half the level normally aimed for.

Private hospitals were warned that their orders might not be met and one NHS hospital, the Queen Elizabeth in Gateshead, is to have a staff donor session to boost levels.

Sue Cunningham, manager of the National Blood Authority (NBA), urged donors to keep appointments but denied there was a crisis.

A unit of blood is the treated pint taken from a donor and the authority has previously stated it would be unhappy if stocks went below 15,000. They have barely risen above this target since the second week of December, and on Monday stood at just over 8,900 units.

Mrs Cunningham said, however, it was now clear that they could survive on less than previously believed and no operations had been cancelled because of shortages.

A system introduced last year to control stock movement enabled the authority to work more efficiently, she said.

Mrs Cunningham's revised view of the minimum safe level of stocks was immediately challenged by doctors and transfusion service staff.

Dr Paul Stevenson, a consultant haematologist in Liver-

pool, said it was "rubbish". One or two patients bleeding acutely could use up the whole of available stocks of O rhesus positive, the most common and useful blood group, within 15 minutes. "It's a crazy thing to say. I would have cancelled some of the routine surgery here on Monday morning if I'd known stocks were that low."

Dr Colin Entwistle, recently retired head of the Oxford transfusion service, said: "They have got away with it so far, but it's not going to take much to rock the boat. They're working on a wing and a prayer."

A spokesman for the Chelsea and Westminster Hospital, in London, said they had received only half the stocks of group O blood they had requested yesterday. "If the situation continues, it will be a problem."

Mark Purcell, of the Mid Essex Health Trust, said: "If this continues and becomes a trend rather than a blip it will create enormous problems. We are under pressure to reduce waiting times for operations. If there's no blood, [our plans] will go completely out of the window."

Dr John Foster, scientific director for the 35 private Nuffield Hospitals, said they took blood supplies from the NBA and had been warned that stocks were low and that there might be problems in the Wessex and London areas.

"Obviously, we try to keep our planned cases because it is bad for business. In theory, we may have to cancel surgery, but we can move blood from one hospital to another."

Letters, page 14  
Troubled times, Section Two

## Limit on lawyers 'falls foul' of law

STEPHEN WARD  
Legal Affairs Correspondent

Martin Mears, the solicitors' leader, has been blocked by legal difficulties over his pledge to restrict numbers entering the profession - a key part of his populist election manifesto.

Last year, in the first contested election for Law Society President in 40 years, Mr Mears was voted in by the beleaguered small-firm sector of the profession, on the promise that he would restore incomes eroded over 15 years. He had accused the Law Society establishment of a defeatist attitude in failing to protect the profession.

Mr Mears confirmed yesterday that the society had received a QC's opinion that it would be acting outside its powers if it arbitrarily limited numbers.

Counsel had been asked to consider the legality of limiting the size of the profession to a national figure equivalent to the amount of work available. He said that move was likely to fall

foul of the both the Solicitors Act and the Legal Services Act. The Law Society has a dual role, as both the trade union and the statutory regulator of the profession. While recognising that where it acts to benefit the profession, it has to be able to argue that it is acting in the public interest.

There was undoubtedly a problem with too many students being allowed to pass their exams, Mr Mears said. There was a backlog of 26,000 people who have passed the exams and been unable to get the training contracts with firms which they need to complete qualification.

Mr Mears, who plans to seek re-election this year, has already founded with another manifesto promise - to raise conveyancing fees which have plummeted through competition and the housing slump. The Master of the Rolls, Sir Thomas Bingham, told the society that

a plan to introduce minimum conveyancing fees by refusing insurance to cheap firms would probably be against the law.

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## politics

# Churches force opt-out rethink

JUDITH JUDD  
Education Editor

Ministers last night gave way to pressure from the churches and abandoned fast-track opting-out for church schools.

The Nursery Education and Grant Maintained Schools Bill, published yesterday, does not include a fast-track to opting out.

The U-turn was humiliating for the Prime Minister, according to Labour. The measure for church schools is the second education policy to be dropped

since the Queen's speech in November.

Only a month ago, the Government was forced to drop its Bill to privatise student loans, after banks refused to take part.

David Blunkett, Labour's education spokesman, said: "The Government's legislative programme is coming apart at the seams. In effect, two-thirds of their legislative plans have now been dropped."

Robin Squire, the schools minister, said 2,000 responses had been received to the fast-

track consultation paper. "The churches and their schools do not want special treatment, but feel that the same procedural arrangements should apply to them as apply to other schools."

"There is support for maintaining the existing arrangements for applying for grant-maintained status and particularly for the role of parents."

The Bill makes no mention of the Prime Minister's promise to extend grant-maintained status to all schools. However, Mr Squire made it clear that the commitment remained.

Longer term options were being examined, he said.

Both the Anglican and Roman Catholic churches were angered by the proposal that school governors should be able to decide on opting out without the parental ballot required in other schools.

Faced with a revolt from Anglican bishops in the House of Lords, the Government gave way.

The church schools proposal provoked one of a series of disagreements between Gillian Shephard, the Secretary of State for Education, and the Prime Minister, Mrs Shephard is understood to have advised Downing Street against the proposals which were announced by the Prime Minister last September to boost the flagging opting-out programme.

The short 10-clause Bill aims to expand nursery education for four-year-olds and to allow grant-maintained schools to borrow against their assets from private sources.

Mr Squire said: "This new facility for grant-maintained schools would bring them into

line with colleges and universities. It would allow increased investment in grant-maintained schools."

The Secretary of State for Education will have the power to give grants for nursery education so that money given to local authorities for under-fives can be redistributed to parents of four-year-olds as vouchers.

Peter Smith, general secretary of the Association of Teachers and Lecturers, said: "Parents and voters want a properly funded education system, not schools living on tick."

**Privatisation costs:** Beckett cites £1bn loss as expert warns of waste-disposal 'black hole'



Chain reaction: Magnox stations such as Dungeness A (above) will be left in the public sector, a move deplored by Margaret Beckett, Labour's trade and industry spokesperson

MARY FAGAN  
Industrial Correspondent

The Labour Party called for a halt to nuclear privatisation, claiming it will cost the Exchequer almost £1bn in lost revenues in the three years to 1998-99. The demand coincides with separate warnings by Gordon McKerron, an adviser to the House of Commons Trade and Industry Committee, that the planned sale of the most modern reactors may raise less than a third of the hoped-for £2.6bn.

## Labour urges end to nuclear sale

Margaret Beckett, the opposition trade and industry spokesperson, said the Treasury's Red Book shows that the nuclear industry would have become a revenue source in 1996-97 and thereafter but will now go into substantial revenue drain.

She blamed the decision to sell the profitable more modern reactors while leaving the ageing Magnox stations with their

billions of pounds of liabilities in the public sector.

"This shows a wanton disregard for the proper husbandry of the public finances. It is time to call a halt to the sale," she added that the work by Dr McKerron underlined the need to stall the privatisation process at least until the Trade and Industry Select Committee, which is investigating the sale, issues

its report. A spokesman for the Treasury attacked the argument as one-sided.

"We will actually be offloading £3bn in liabilities. We receive proceeds from the sale and continued proceeds in corporation tax," he said.

In a further blow to the privatisation plans, a City analyst warned yesterday that disposal of intermediate and high-level

nuclear waste could be a big stumbling-block in attracting investors to the sale.

In evidence to the Select Committee, John Renolds, of the financiers James Capel, said the issue of waste disposal and the related financial risk could cause significant concern for potential investors in British Energy, the company set up to run the most modern reactors.

He said that British Energy's small stake in Niney, the nuclear industry's waste-disposal company, is "small stake in what could be a very big black hole".

Evidence from James Capel also states that proceeds from the privatisation may be hit by fears over how regulation may affect the company. Professor Stephen Littlechild, the industry watchdog, caused a furor last year after the sale of shares in National Power and PowerGen by making a controversial statement on electricity price controls.

# 'Maybe' man sheds light on spy enigma

As the prospect of power

grows for Labour, the party leadership is tempering its belief that oversight of the security services should be the job of Parliament rather than kept under the cloak of the executive.

Jack Straw, Labour's home affairs spokesman, admitted the shift in the Commons gave a Second Reading to a Bill extending MI5's role beyond counter espionage and anti-terrorism to a part in the fight against organised crime.

Two years ago, when the Government bowed to years of pressure for scrutiny of MI5 and its overseas counterpart MI6 and set up the Intelligence and Security Committee, Labour tried to amend the legislation so that the committee would be answerable to Parliament.

Chris Mullin, Labour MP for Sunderland South, asked if this was still the position of his front bench colleagues. Did the leadership want to strengthen accountability or would the committee, comprising senior figures from both sides of the House, continue to report to the Prime Minister?

Mr Straw said that "of course" Labour wanted "to see intelligence agencies which are properly accountable to this House. The question is how best that can be achieved whilst maintaining the operational integrity of these agencies."

These arrangements have been put in place under the 1994 Act. It is important that they are kept under review, and that if they need to be strengthened then measures are brought forward to this House to ensure that they are indeed strengthened."

Spotting the shift behind the smokescreen, Tory MPs shouted out to Mr Mullin: "The answer is 'No'." But a smiling Mr Straw came clean and told the House: "The answer is 'Maybe'."

Mr Mullin also tackled Michael Howard, the Home Secretary, on the impetus for the Security Service Bill. Mr Howard said it would enable MI5 to support the police in taking on criminal gangs, drug traffickers and racketeers. He said the Service had been responding to changing threats

ever since it was founded in 1909, from German spies in its early years, communists through the Cold War and latterly the terrorist menace.

"Changes of direction for the Security Service are by no means unprecedented," Mr Howard argued. But Mr Mullin said the background to the Bill was that the Service "is running out of threats" and that a new one was having to be invented to save the "rather bloated organisation" from spending cuts.

Mr Straw supported the Bill though he said Labour had reservations some aspects of MI5's new role.

Junior agriculture minister Angela Browning earlier defended the Government's response to "mad cow disease".

## Inside Parliament

Stephen Goodwin

Its stance was "ultra precautionary" she said in a debate launched by Labour's David Hinchliffe on fears of a link between BSE and the human disease Creutzfeldt-Jakob Disease.

Mr Hinchliffe, MP for Wakefield, said he doubted if regulations designed to stop infected tissue entering the animal and human food chains were being rigorously observed.

Last month, farmers Stephen and John Thompson of Yorkshire were convicted of trades description offences including falsely declaring the age of a calf and not declaring that it was born to a BSE-infected cow, said Mr Hinchliffe.

Mrs Browning said that of the 915 BSE cases reported by the Thompsons since 1988, 76 per cent had been traced to their original owners. "We follow very seriously this question of people perhaps on occasions trying to circumvent the system by keeping a BSE-free status on their holding by off-loading animals in such a way."

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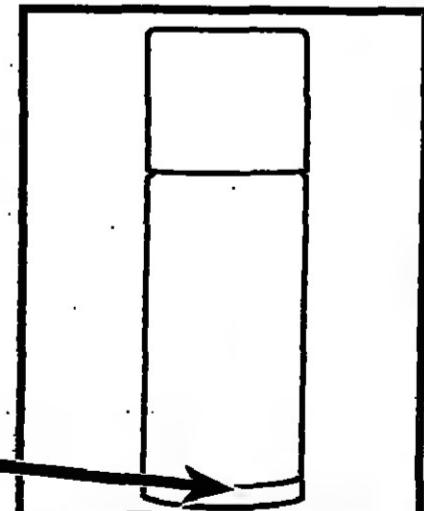
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# Crime comes before the dole in list of life's worries

HEATHER MILLS  
Home Affairs Correspondent

People are more worried about burglary and rape than they are about unemployment, ill-health and road accidents.

Fear of crime still tops the list of "life worries" – despite the fact that most of us are more likely to fall prone to other misfortunes – according to the latest Home Office research.

The study is a serious blow to the Government, coming after 16 years of Conservative policy and as the party fights a rearguard action to maintain its law and order credentials. Further, it supports Labour's claims that crime, and the fear of crime, are heightened in poor neighbourhoods frequented by drunks, tramps and drug addicts, vandals and graffiti artists.

It suggests that putting bobbies on the beat might be an effective way of restoring pedestrian use of the streets – or as Jack Straw, Labour's Home Affairs spokesman, had suggested, "reclaiming the streets".

Yesterday, researchers themselves expressed surprise that given the low level of risk, as many as 12 per cent of people said they were worried about terrorist attacks. By comparison only 11 per cent worried about household accidents – yet 2.5 million people a year will end up in hospital as a result of mishaps in the home.

But Harry Fletcher, assistant general secretary of the National Association of Probation Officers, said: "The fear of crime is understandable in the light of the growth in violent crime during the last decade, although it remains the case that the chances of being the victim of violence are slight."

The study was based on the findings of the latest British Crime Survey, which examines

the experience of over 15,000 households and is regarded as the most accurate indicator of crime rates and trends in England and Wales.

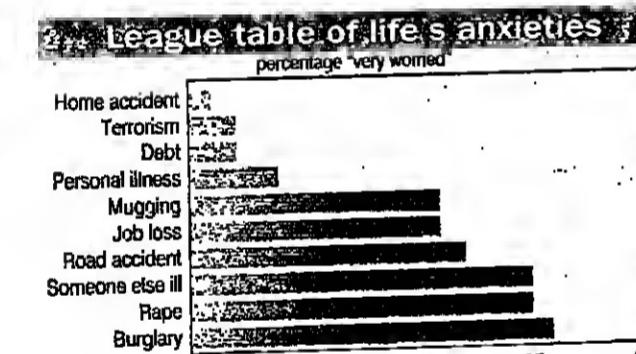
It showed that for many women, domestic violence poses a grave threat. Nearly 1 in 30 women said they were worried about being attacked by someone in their own family. Among women under 30, the figure rose to 1 in 10 and in inner cities was as high as 1 in 5.

The impact of domestic violence, harassment, sexual insults, and behaviour that many women have experienced "fairly routinely" at the hands of men, has contributed to their fear of crime, more than from the chance of a life-threatening attack, the report concludes. Over a quarter of all women under 30 had received abusive comment in the streets, one in five had been followed.

The study showed that between 1 and 2 per cent of people did not go out of their houses after dark, for fear of attack. Older women, up to 11 per cent in inner cities, are most likely to stay at home. For many others, fear of crime meant they avoided events or activities, like cinemas and evening classes.

Yesterday, David Maclean, the Home Office minister, said the best way of curbing fear of crime was to tackle crime itself. Citing the recent drop in recorded crime, he said recent government initiatives to tackle crime, like the introduction of closed-circuit television and police operations targeting specific crimes, like burglary and mugging, had improved people's confidence.

**Anxiety about Crime**, findings from the British Crime Survey, Home Office Research and Planning Unit, Queen Anne's Gate, London SW1H 9AT.



## DAILY POEM

### The Gift of a Black Egg

By Ian Duhig

In my left hand, Uasal Nf Dhomhnaill, nests your gift of a polished basalt egg, as smooth as the ubh and dubh. Duhig, Heaney used one for the ball of a heel of the Grauballe man, a bog sacrifice. Chinese women sewed them into their clothes – a flick of the wrists made coshes of sleeves. My mother's tongue fell on my neck the night I drilled verbs after a Gaelic League class. She taught me 'kabos' is an Irish word, sentence committed if I'd just shut up. I write 'thank you' and 'go rabb math agar', try to speak. I can't. Wet my lips and a black bird flies out of my mouth.

Ian Duhig's first collection, *The Bradford Count*, was short-listed for the Whitbread Poetry Prize, his second, *The Mersey Goldfish*, published by Bloodaxe (from which this poem is taken) is an effervescent contribution to the short-list of this year's TS Eliot Prize. Duhig's verse dazzles and caresses by turns, a protechnical mesh of the profound and the profane, legend and love, fact and fiction. Duhig and his fellow short-listed poets will be reading at the Almeida Theatre, Islington, London N1, on Sunday, 14 January.

### TICKET OFFER

The Independent, with the Poetry Book Society and the Almeida Theatre, is pleased to make an exclusive two-for-one readers' offer for the preview by the TS Eliot short-listed poets. The readings will take place at the Almeida Theatre on Sunday 14 January from 7pm. Ticket prices are £4 or £6. To take advantage of this offer, simply call the Almeida (0171 359 4404) quoting "Independent Offer". Independent readers will also be offered discounted membership of the Poetry Book Society in Saturday's edition, and a complete set of short-listed books will be available to the first 10 applicants.

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# Buffalo to be the prince of British cheeses



Say cheese: Buffalo grazing in Warwickshire. Their milk is especially high in protein

Photograph: John Potter

RICHARD SMITH

Delicatessens are awaiting a stampede for Britain's first buffalo cheese about to be launched by a farmhouse cheesemaker whose customers include the Prince of Wales.

Nick Hodgetts intends to make the cheese by buying in milk supplied by a herd of 100 water buffalo, based on a farm at Idlicote, near Stratford-upon-Avon. They provide 1,000 litres of milk a week, enough for Mr Hodgetts to make 72 cheeses, which then spend four months in a maturing room.

It is pretty wacky and I admit my staff cracked up when the herd's owner, Bob Palmer, arrived in our yard with the first load of buffalo milk," Mr Hodgetts, 35, said. "Everyone thought I was winding them up until they saw the horns on the side of his truck.

"Buffalo cheese is almost white in colour and has a slightly sweet, mellow flavour – it's totally different to cow's-milk cheese but very tasty with salad and pickle.

"I'm sure buffalo cheese will face the same barriers cheese made from sheep and goat's

milk had to overcome, but we have tried it on friends at parties and the reaction has been very positive.

"You get twice as much cheese from buffalo milk as cow's milk because it's so high in protein and fat.

"There is no cream in buffalo milk either."

Although some types of the Italian soft cheese mozzarella are made from buffalo milk, Mr Hodgetts was unable to find a recipe for the hard cheese he wanted to produce. Instead, he adapted his own sheep's milk recipe for The Original Buffalo Cheese, which is expected to sell for £1.40 a quarter-pound.

Customers of Malvern Cheesewrights, at Pond Farm, in Whittington, Worcestershire, include Harrods. The company also supplies Duchy Originals with two organic cows-milk and herb cheeses, one with garlic that appeals to Prince Charles.

"We supply those two cheeses to Highgrove on a regular basis and Prince Charles takes them with him on skiing holidays as well," said Mr Hodgetts.

"I might send him a small wedge of buffalo cheese with the next consignment."



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## international

# Chechens force hostage stand-off



PHIL REEVES  
Khasavurt and  
HELEN WOMACK  
Moscow

Some 130 hostages were last night trapped on Russia's border with Chechnya - caught in a tense stand-off between their rebel captors and the Kremlin. The impasse developed after the rebel convoy stopped in a remote border village as they were trying to retreat from the Republic of Dagestan, where they had held 3,000 hostages in a hospital for 14 hours.

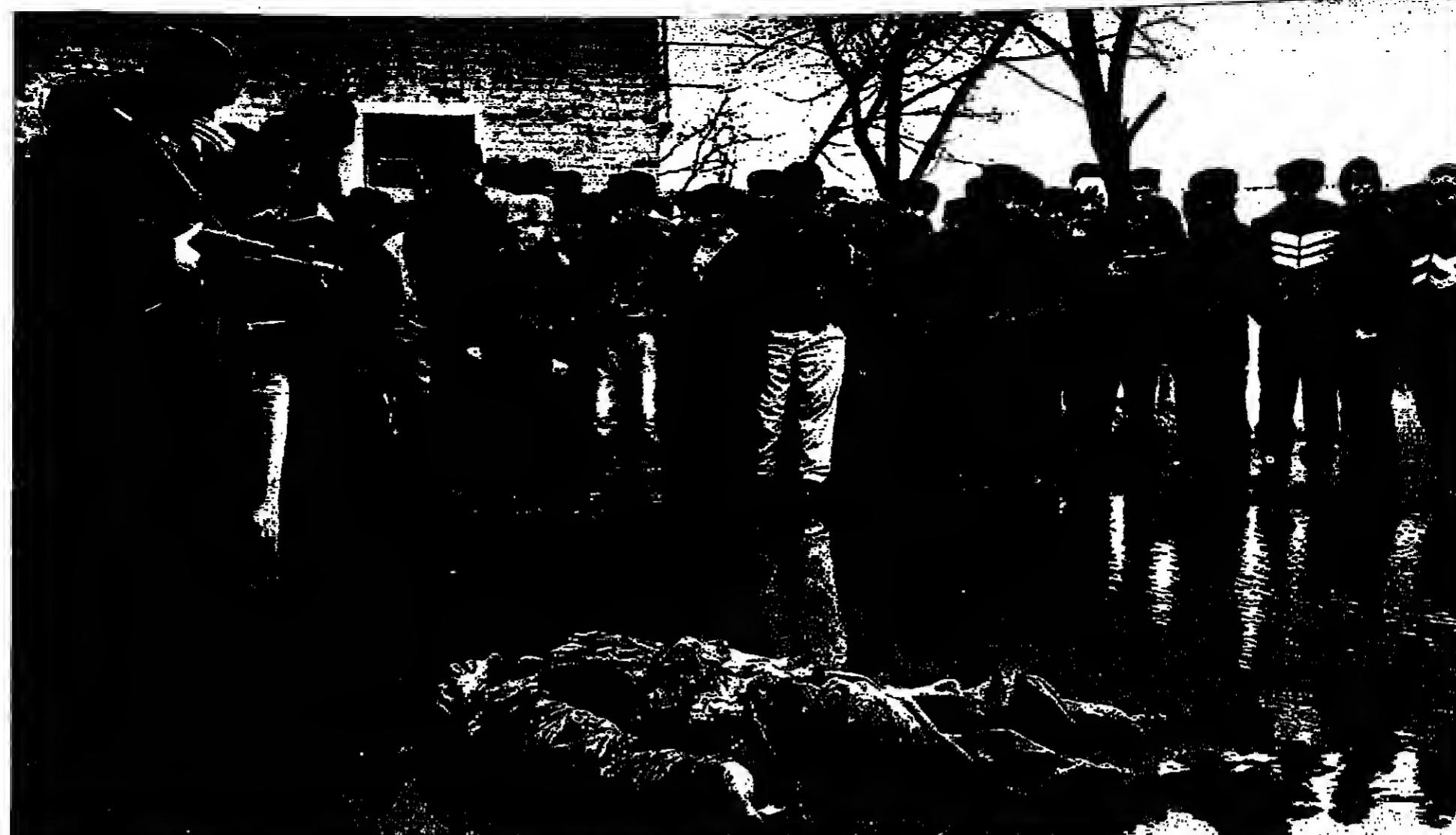
The convoy stopped because a bridge had been blown up. The Lone Wolf rebels, commanded by Salman Raduyev, a relative of the Chechen leader General Dzhokhar Dudayev, threatened to kill hostages if the bridge was not restored.

Russians officials accused the Chechens of renegeing on a promise to release the hostages at the border in return for safe passage to their mountain bases in the breakaway republic.

Last night the convoy - nine buses in an ice-bound field - was surrounded by Russian troops, supported by tanks and helicopters. As soldiers sheltered in freezing trenches, reports circulated that some of the rebels had fanned out into a village and seized a police post.

The Russian President, Boris Yeltsin yesterday warned the rebels not to use violence as he left Moscow for Paris for the memorial service in honour of François Mitterrand.

According to Alexander Mikhailov, head of the Federal Intelligence Agency,



Aftermath: Onlookers gaze at a Chechen rebel fighter killed by Russian troops during the Kizlyar hospital siege when 3,000 hostages were held captive

Photograph: AFP

there were some 150 rebels in the group which early yesterday, after striking a deal with the Russians, and releasing most of their captives, left the town of Kizlyar with at least 13 dead in their wake, a wrecked hospital and a groundswell of anger and resentment among the population who regarded the assault as tantamount to a cowardly attack on fellow Muslims.

As shocked and frightened patients were yesterday carried out of the hospital in beds,

the body of a Russian policeman lay unattended. Magamed Malachev, a surgeon who had been trapped in the hospital throughout, said the officer was shot by the Chechens in an effort to force Russian troops to stop bombing the building. In front of the bullet-shattered hospital lay a line of 21 missiles, and a pile of anti-tank mines, which the surgeon said Chechens placed in each hospital room.

Trembling and smoking a cigarette, Valeri Karpenko, 40, lay in bed and recalled how the rebels burst in wielding machine guns and rocket-launchers.

"They shouted: 'Don't worry, you are now under the protection of the Free Chechen Republic,'" he said. "They said: 'We won't touch the sick. We just want the Russians to leave Chechnya so they won't kill our women and children.'

Yesterday local officials were seething with resentment that the Chechens should have

launched an assault in which they involved so many pregnant women. "If they wanted to fight they should have dealt with the men," said one Dagestani.

"We never thought the Chechens would attack us," said Dr. Nazir Sharshuzov, a surgeon in the railway hospital, where staff were treating the victims, including 27 people with gunshot wounds. "We didn't believe it. They are neighbours - people of one faith. There was never hostility between Dages-

tan and Chechnya. I never believed this could happen. It is like a nightmare."

The latest hostage drama is a disastrous blow for Boris Yeltsin, with the Russian presidential elections only five months away. The Prime Minister, Viktor Chernomyrdin, said the "bandits" responsible for the raid would be punished. "But we do not intend to use head-on methods which could put the lives of the hostages at risk."

The new Duma is due to convene next week and in response to the inevitable uproar among deputies, Mr Yeltsin is likely to sack government members. An obvious candidate for dismissal would be the unpopular Defence Minister, Pavel Grachev, who dragged Russia into the war with Chechnya in the first place.

But finding scapegoats might not be enough to make Mr Yeltsin re-electable. Yesterday many Russian newspapers criticised the President personally.

**Sarajevo**  
Serbs  
put case  
to Bildt

EMMA DALY  
Sarajevo

Senior Serb officials who are desperate to re-write the Dayton peace plan yesterday visited the centre of Sarajevo for the first meeting of the civilian commission, to determine the future of the city once it has been united. The meeting was constructive, but in the five suburbs due to revert to government rule next month, Serbs burned front-line bunkers and prepared to move out.

Guarded by French Nato troops, Maksim Stanic and two colleagues from Ilidza and Grbavica, two of the affected areas, travelled to the heart of government-held Sarajevo for the meeting chaired by Carl Bildt, head of the international civilian mission to rebuild Bosnia.

Asked if he would tell Serbs to remain in their suburbs, Mr Stanic replied: "It will depend on these talks a lot. We have got a lot of problems to solve. Heavy fighting has occurred here. Time is needed as well as solutions to a lot of problems in order to have people feel safe and to have a possibility for them to choose, to decide freely, will they stay or go?"

Mr Bildt said the discussions did not address in detail Serb demands for a revision of the Dayton peace plan, which would effectively keep the city divided. "The way I interpret the feelings among the Serbs living there is that a lot of them would like to stay ... but a lot fear they cannot."

He welcomed the government's decision to grant an amnesty to all save war-criminals, a proposal derided by many Serbs as meaningless.

One group of Serbs, leading a lorry with everything including the kitchen sink, prior to leaving their homes in the northern Sarajevo suburb of Vogosca, laughed when asked about the amnesty. "We don't trust [President Alija] Izetbegovic," said Mile, a policeman. "They killed our children and bombed our houses and now they want to give us amnesty? The only thing we trust is a divided Bosnia."

The hills marking the front line east of the road to Vogosca were dotted with columns of smoke and spurts of flame from bunkers set ablaze by the Serbs. But the city was calm after the shock on Tuesday night of a rocket attack on a tram that killed one woman. French J-For troops investigating the incident found the disposable launcher used to fire the rocket from a flat in Grbavica, a spot made notorious by Serb snipers. Residents in Grbavica, well primed by years of propaganda, dismissed the incident as "a Muslim set-up".

## Yeltsin's choice of spy chief shows anti-West shift

TONY BARBER  
Europe Editor

President Boris Yeltsin yesterday appointed Vyacheslav Trubnikov, a career intelligence officer with a background in Asian affairs, as the head of Russia's foreign espionage service. Mr Trubnikov, 51, replaces Yevgeny Primakov, who was named on Tuesday as Foreign Minister in succession to Andrei Kozyrev.

Mr Trubnikov was previously first deputy director of the Foreign Intelligence Service, which came into existence after the former Soviet KGB security

police was divided into domestic and foreign sections in 1991. The promotion of Mr Trubnikov, who received many state decorations in the Soviet era, suggests Mr Yeltsin and Mr Primakov have full faith in his loyalty as well as his talents.

"I looked at him and realised he was a highly skilled professional, respected by his colleagues," Mr Yeltsin told Russian reporters.

According to the few publicly available details of his career, Mr Trubnikov was born in the Siberian city of Irkutsk, moved to Moscow as a child, graduated

from a leading institute in Oriental affairs and joined the KGB in 1967 when he was in his early twenties. He is said to have been based in the 1970s in India, where he was registered as a journalist, and in the 1980s as a researcher there and also worked in Bangladesh.

The Itar-Tass news agency said the new spy chief liked to spend his leisure time reading, listening to music and watching films. To those with memories of Yuri Andropov, the late Soviet leader and a former KGB boss, this attempt to add a human dimension to Mr Trubnikov's cur-

riculum vitae recalled the effort of Soviet officials in late 1982 to portray Mr Andropov to Westerners as a jazz-loving admirer of good whisky.

Mr Trubnikov's appointment means the Russian foreign ministry and espionage service are now controlled by men who, in contrast to Mr Kozyrev, have no particular track record of pro-Western politics. Mr Primakov's main area of expertise is the Middle East, and together with Mr Trubnikov he can be expected to make an effort to strengthen Russia's position in that region as well as in China.

Both men detested what they saw as Mr Kozyrev's bowing and

scraping to Western governments and evidently hope that Mr Primakov will be a more stubborn defender of Russian interests. Mr Yeltsin dropped a hint yesterday that he sympathised with this view, saying of Mr Kozyrev: "Our policy in Yugoslavia wasn't very clear. The balance between East and West wasn't preserved."

Although Russia is unlikely to lurch to wholly anti-Western policies, Mr Trubnikov recently indicated that under certain circumstances he would consider NATO still to be an enemy. Speaking at a ceremony mark-

ing the anniversary of the Soviet security services, he said: "If NATO does not find a way to transform itself and adapt to the new political realities of the post-Cold War era, it will of course remain a hostile force for us."

Mr Yeltsin has made his personnel changes less than a month after the Communist Party defeated pro-Westerns in Russia's parliamentary elections. Although the President appears keen to stick to his economic reforms, his latest appointments suggest foreign policy may move to a line more acceptable to the Communist opposition.

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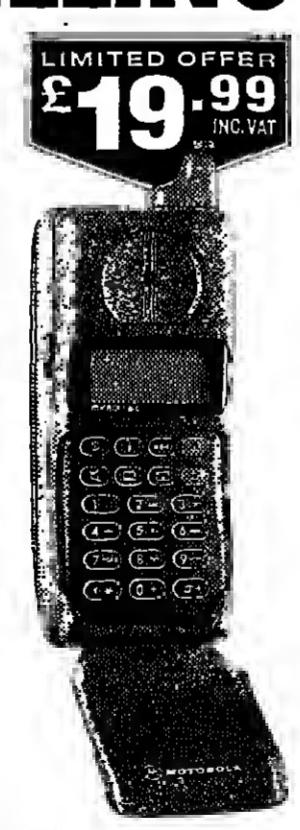


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## Polish leader embraces 'return to Europe'

ADRIAN BRIDGE  
Central Europe Correspondent

Poland's new President, Aleksander Kwasniewski, yesterday tried to shake off his communist past by declaring that he planned to lead his country towards the Nato military alliance and the European Union.

Speaking in Berlin on the second day of his first official trip abroad, Mr Kwasniewski said that early membership of the two bodies remained key foreign policy goals - as they had under his virulently anti-communist predecessor, Lech Walesa.

Despite his Italian roots, who flew on to deliver the same message in Paris, said that the choice of Germany and France as his first official ports of call was intended as a "symbolic statement". He also spoke of the Paris-Berlin-Warsaw axis as the "backbone of Europe".

His message was well received by his German hosts, who in addition to seeking improved bilateral relations with Poland,

Kwasniewski's honour on Tuesday night, President Roman Herzog of Germany declared that Poland could depend on Germany's continuing support in its bid to "return to Europe". Chancellor Helmut Kohl, who last year said an EU membership treaty for Poland could be ready by 2000, offered similar assurances during earlier talks.

At a dinner given in Mr

Kwasniewski's honour on Tuesday night, President Roman Herzog of Germany declared that Poland could depend on Germany's continuing support in its bid to "return to Europe". Chancellor Helmut Kohl, who last year said an EU membership treaty for Poland could be ready by 2000, offered similar assurances during earlier talks.

Despite his Italian roots, who served as a junior minister in

Poland's last communist government, remaining a member of the communist party until its dissolution in 1990. He then became leader of the reformed Democratic Left Alliance, the dominant player in Poland's coalition government.

Mr Kwasniewski's past played a key role in last year's Hitler presidential election; Mr Walesa, the man he narrowly defeated, charged that former communists, like leopards, cannot change their spots. In the three-and-a-half weeks he has been President, moreover, Mr Kwasniewski has had to con-

front embarrassing allegations that Jozef Oleksy, the Prime Minister and a fellow former communist, had for many years co-operated with an agent from the KGB. Mr Oleksy has come under increasing pressure to resign pending a full investigation.

Pew Western diplomats believe that Mr Kwasniewski has any desire to see a restoration of the old regime. As a spokesman in the German Chancellery put it: "We have had no sign that Mr Kwasniewski wants to look east rather than west ... Joining the EU and Nato is very much in his own country's interest."

Spain's two main parties have been quick to start campaigning for the general elections set for 3 March, more than a year early. No sooner was parliament dissolved on Tuesday than the governing Socialists and the conservative opposition People's Party (PP) began hurling insults and rallying their forces.

A narrow conservative victory is predicted, perhaps falling short of an absolute majority. That could end the 13-year premiership of Felipe Gonzalez. But if the PP fails to win convincingly, questions may be raised about the political future of its leader, Jose Maria Aznar, who has lost once before to Mr Gonzalez.

The high stakes, compounded by a personal antipathy between the two leaders, are hardly reflected in the sordid campaign slogans unveiled this week. "Positively Spain" is a rough translation of the Socialist offering, while the PP

is preparing a "hidden programme of privatisations without limit and cuts in social spending". He warned that a conservative government would provoke "social chaos" similar to the recent turmoil in France.

The PP is preparing to hammer the Socialists on corruption scandals that have come to light in recent years, and especially the illegal use in the early Eighties of undercover anti-terrorist squads - known as Gal - to combat Eta Basque separatists.

A disaffected former Socialist leader in the Basque country, Ricardo Garcia Damborena, told the Supreme Court last week that he had attended a meeting in a hotel near Madrid in 1983 with Jose Barrionuevo, then Interior Minister, together with the state security chief and socialist leaders in the Basque country, at which the anti-Eta campaign - including the kidnapping of Eta suspects in France - was organised. Mr Barrionuevo maintains his innocence.

The Supreme Court Judge Eduardo Moner, who is investigating whether the Socialist government masterminded the murders of up to 27 Eta suspects from 1983 to 1987, is expected to decide this week on further proceedings against Mr Barrionuevo. The former minister is under investigation on suspicion of kidnapping, misuse of public funds and association with an armed gang.



of the last elections in 1993 when the Socialists squeaked in without an absolute majority.

M. Aznar has been using a three-day visit to London, to meet John Major and business leaders, as an effective platform for his programme of lower taxes, clean government, law and order and faster growth. But the Socialist Party's organisation secretary, Cipriano Ciscar, accused Mr Aznar yesterday of

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EMMA DAY

# End snubs to Patten, Rifkind to tell Peking

TERESA POOLE  
Peking  
STEVE VINES  
Hong Kong

China must start talking again to Chris Patten, the Governor of Hong Kong, if it wants to restore the battered confidence of the colony's people before next year's transfer of sovereignty, the Foreign Secretary, Malcolm Rifkind, is expected to tell President Jiang Zemin today.

British officials in Peking said yesterday that the last few months had seen a "haemorrhaging of confidence" from people in Hong Kong and that resuming contact between Peking and Mr Patten would have a direct impact on morale in the colony.

Mr Patten has been sidelined by Peking since 1992 when he unveiled his electoral reforms for the colony. Mr Rifkind said he told his Chinese counterpart, Qian Qichen, on Tuesday that "it was highly desirable for the British and Chinese sides to have full dialogue incorporate



Malcolm Rifkind: Strong message for China's leader

ing all those who have an important role to play. We hope that over the weeks to come the Chinese side will reflect on this end that we can turn to a proper dialogue which is very much in the interests of the people of Hong Kong."

Asked for evidence that confidence was declining in the colony, the officials cited opinion polls and applications for emigration to other countries "up 50, 60, 70 per cent".

Mr Rifkind yesterday held a meeting with China's Prime Minister, Li Peng, in which he stressed that improving morale was essential. "Crucial to that confidence will, of course, be

their belief that the autonomy of Hong Kong provided for in the 'two systems, one country' principle will be fully respected," Mr Rifkind said.

Last night's national television news gave mixed signals of China's reaction. Mr Li was quoted as saying Peking "would not send a single official to take up office" in Hong Kong and "will not take away a single penny of Hong Kong's money" after the territory reverts to mainland rule on 30 June 1997.

But the positive effect of reiterating existing Chinese commitments was clouded by a more ambiguous comment: "If people worry about Hong Kong's future, it does not matter. So long as Hong Kong remains a good trade and investment centre, there people who leave will return."

The steady improvement in Sino-British relations has appeared to ease the atmosphere for negotiations over Hong Kong during Mr Rifkind's three-day visit. But his attempts to persuade Peking to rethink its plans to dismantle the colony's elected Legislative Council, fell as expected, on deaf ears. "Sadly, but not surprisingly, [Li Peng] repeated the known Chinese position with regard to Legco," said the Foreign Secretary.

Mr Rifkind also put great emphasis on the sensitivity of China's future choice of chief executive to take over on 1 July 1997 in Hong Kong. The candidate, who must be a Hong Kong person, should "be someone who commands the support and respect of the civil service in Hong Kong and of the people of the territory," he said.

On the question of right of abode, Mr Rifkind said on Tuesday that his Chinese counterpart had confirmed that "all those persons with permanent resident status who are now in HK will continue to have resident status after 1997".

However, British officials admitted yesterday that the query had been raised in the context of the future status of long-stay expatriate businessmen in Hong Kong. Still to be clarified is the future status of Hong Kong-born ethnic minorities, and Hong Kong Chinese holders of foreign passports, especially if they are living abroad. These issues are yet to be sorted out by the Sino-British Joint Liaison Group.

## 'Terrorist' US reporter faces 30 years' jail

PHIL DAVISON  
Latin America Correspondent

Was she simply a caring, bona-fide journalist or a treacherous terrorist known as Comrade Lucia among Peruvian urban guerrillas? One way or the other, Lori Berenson, a 26-year-old New Yorker, is waiting to be sentenced by a Peruvian military court to 30 years in prison for treason.

Just as American editorialists and the liberal establishment were leaning towards defending Ms Berenson, she helped to answer the question herself in an angry statement to reporters in Lima, the Peruvian capital, on Monday. She did not admit belonging to the Tupac Amaru guerrilla group (MRTA), but defended it as a "revolutionary movement" and said she accepted that she would probably spend "years in prison". The 30-year sentence demanded by a military prosecutor is thought to be the minimum for treason. The maximum is life.

Paraded before the press for the first time by anti-terrorist police, a defiant Ms Berenson, who is accused of helping the guerrillas plan an attack on the Peruvian Congress, insisted that the Tupac Amaru guerrillas were non-violent. That, however, did not tally with the group's history of kidnappings, attacks on banks and embassies, the bombing of American-owned restaurants and shoot-outs with the army and police.

Ms Berenson, from Manhattan, is the first American to come before a so-called faceless judge in Peru. During her closed trial, which may last less than a week, she and her lawyer sit before a sheet of mirrored glass, behind which sits the military judge. The practice was

initiated to protect judges from guerrilla reprisals.

Ms Berenson surfaced in Lima last year, as a reporter for the US-based magazine *Third World Viewpoint*, with accreditation from the Peruvian authorities. The magazine's editors said they considered her a bona-fide journalist.

Peruvian police, however, said American journalists was a cover for Ms Berenson's links with the Tupac Amaru guerrillas, a much smaller group than the better-known Sendero Luminoso (Shining Path). She was arrested on 30 November last year after a fourth trip to the Congress building in Lima. Police said she had been scouting the building for a planned guerrilla attack.

Hours after she was detained, anti-terrorist police laid siege to a "safe house" in Lima, detaining 30 alleged members of Tupac Amaru after an all-night shoot-out in which a policeman and three alleged guerrillas were killed. Police later displayed a huge arms cache which they said they had found in the house, and said they found guerrilla propaganda in Ms Berenson's flat.

She had, they said, travelled through central America with a Panamanian arms dealer, Pacifico Castreñon - who also faces a 30-year sentence - to buy weapons for the guerrillas.

At the news conference on Monday, Ms Berenson declined to answer questions but shouted a statement in Spanish. "I love this country..." she said. "I am being condemned because of my concern for the hunger and misery that exists here. If it is a crime to be concerned with the inhuman conditions in which the majority of people in this country live, then I accept my sentence."



Mothers' pride: A study in Ludhiana revealed that 84 per cent of child patients were boys. Daughters were only bought for treatment near to death

Photograph: AP

## India bans sex tests to save 'missing daughters'

TIM MCGIRK  
New Delhi

In some corners of India, mothers are forced by poverty to kill their newborn daughters. Some suffocate them or daub poisons on their tongues. In the western deserts of Gujarat, a baby is taken from her mother and abandoned in an house until her crying stops.

Until 1 January, parents could dispose legally of unwanted girls by abortion. But the government has announced a ban on tests to determine whether an expectant mother is carrying a boy or a girl.

Indian authorities now forbid the use of such diagnostic tools

as amniocentesis and ultrasound in deciphering a foetus's sex. This came after census-takers recorded an alarming drop in India's female population. World-wide, for every 100 men, there are 105 women; in India, the average has fallen to 93 women for every 100 men, but in some regions there are fewer than 85 women per 100 men.

United Nations stated: "There is perhaps no more shameful statistic than the fact that some 40 to 50 million girls and women are 'missing' from the Indian population." One Bombay hospital that carried out sex tests on foetuses asked its patients to report

back if they had undergone abortions and, if so, whether the foetus was a boy or a girl. Social workers discovered that, for every aborted male, there were 1,000 aborted females.

Female infanticide was

handed by the British in India as far back as 1870, but the practice persists. A girl is considered a burden because families must usually pay a huge dowry to marry her off. Often, poor families will fall into debt for years to provide the bicycle, television set, silk saris and gold jewellery that are a bride-groom's minimum demand.

At the upper end, a graduate from the civic government training school can command a starting dowry of more than £30,000. And the newspaper advertisements for clinics that carry out selective abortions are unabashed: "Why not spend 50 rupees (£9) for a sex test now, and save yourself lakhs later?" (A lakh is 100,000 rupees.)

It is not only the poor who resort to female infanticide. Unicef contends that, in Haryana and Punjab, two rich farming states, the ratio is about 87 women to 100 men. Travellers to India are often struck by the scarcity of women. Few are to be seen in trains in the bazaars or toiling in the fields.

Social workers say that although the new ban on sex tests is a step towards ending girl-only abortions, it could be impossible to police. Amniocentesis

and ultrasound have a multitude of other diagnostic uses and both are widely available in thousands of clinics. A spokesman from one British family planning organisation working in Delhi said: "Some abortion clinics don't screen women that carefully for why they want to terminate their pregnancy. I'm sure the sex test will go on, but in the back streets."

Development experts insist that only when Indian families learn to honour the female child as much as sons will the situation improve. Until then, it will be always be difficult finding stationary shops in India that sell congratulation cards for the birth of a new daughter.

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## Arafat's election stirs passions of Palestinians

PATRICK COCKBURN  
Jerusalem

His hands covered with paste, a young election worker named Montasser Abu Rumei was sticking up election posters on a pitch dark night in al-Swahireh village, east of Jerusalem. He said he did not need a torch because "during the *intifada*, I got used to putting up posters of martyrs killed by the Israelis without using a light so the soldiers could not see me".

The posters put up by Montasser today have pictures of烈士 rather than dead Palestinians. They show three who want to represent greater Jerusalem in the 88-member Palestinian Council, to be elected on 20 January. In al-Swahireh, as in the rest of the West Bank and Gaza, every flat surface is covered with pictures of the 700 candidates.

Despite the haste with which the election was arranged - the size of the council was only settled three weeks before the polling day - Palestinians are enthusiastic about the poll. "It is a step towards us building our own state," said Riyad Abbasi, handing out glasses of tea to

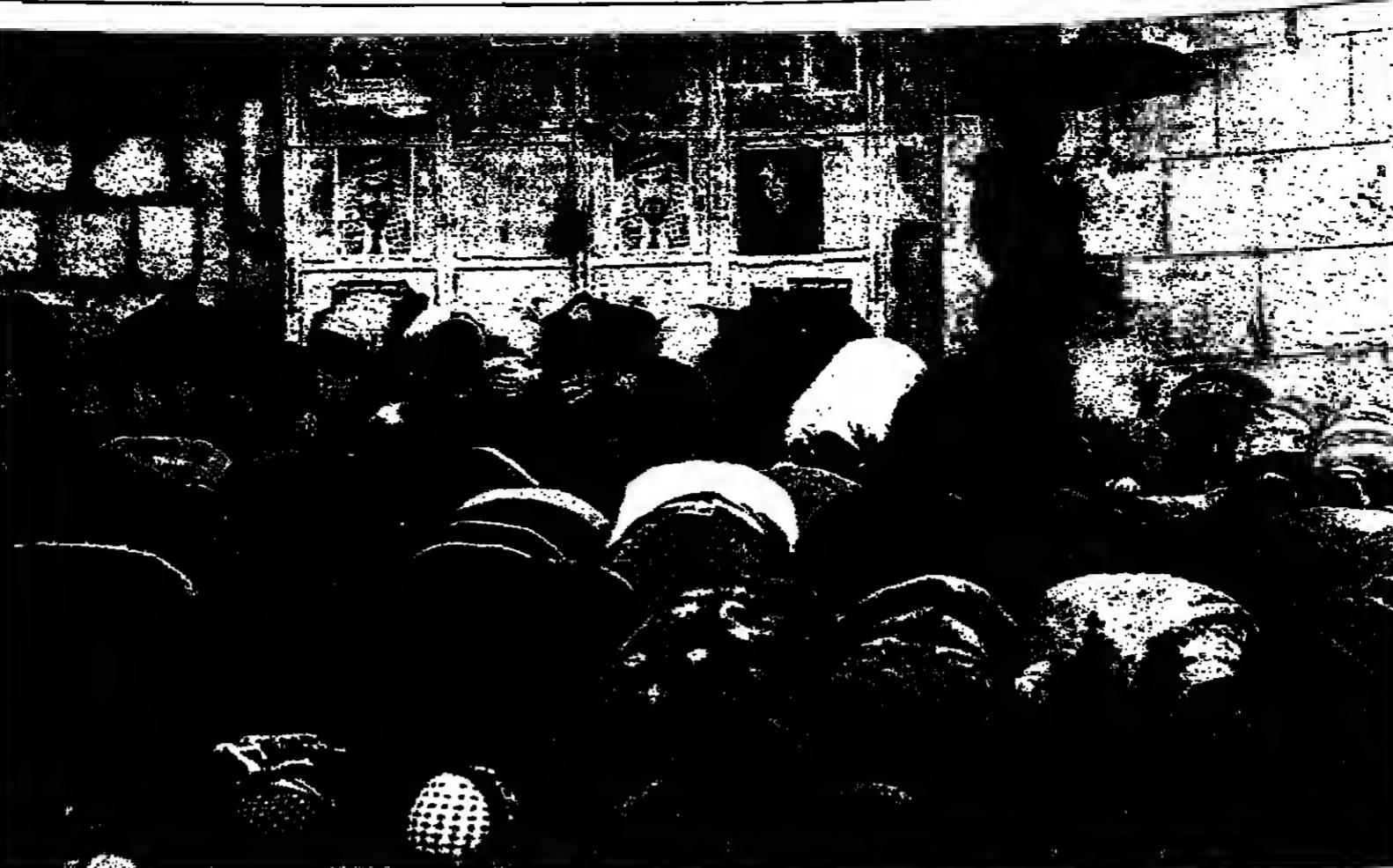
voters in the election headquarters of a candidate in Abu Dis, in the same constituency.

Not everybody feels that way about the first elected Palestinian assembly. Montasser said until recently he had belonged to the Democratic Front for the Liberation of Palestine (DFLP), based in Damascus, which has rejected the Oslo accords. "We split because they boycotted the election," he said, adding that he now supports a party that cooperates with Yasser Arafat, the chairman of the PLO.

As Montasser was speaking, a local leader who has remained loyal to the Democratic Front appeared out of the darkness and justified his party's refusal to take part in the election.

"It gives us complete control of just 3 per cent of the West Bank; 27 per cent is mixed control with the Israelis and they still hold 70 per cent of the land," he said. "The Israeli settlements are still here and there is no right for the refugees of 1948 to return."

There is no doubt that most Palestinians in the West Bank, Gaza and Jerusalem do want to vote. European election monitors say they were impressed



Spiritual guidance: Muslim Palestinians in Bethlehem praying in front of a wall covered in election posters

Photograph: AFP

with the efficiency with which just over a million voters were registered. Even people given little chance of winning seats have mounted enthusiastic campaigns.

The enthusiasm is surprising, as only one of the broad-based parties, Mr Arafat's Fatah organisation, is fighting the election. The two biggest parties in the secular opposition, the DFLP and the Popular Front

for the Liberation of Palestine (PFLP), are boycotting the poll. Despite last-minute negotiations in Cairo, the militant Islamic organisation Hamas also refused to put up candidates.

Many local activists in the boycotting parties were keen to participate but were overruled by leaderships based abroad. As a result, polls show support for Hamas has dropped from 17 per cent to less than 10 per cent.

The secular opposition has also seen a steep fall in its support.

Saeb Erekat, the former minister of local government who devised the electoral law and is a candidate in Jericho, says Mr Arafat did what he could to get the opposition to stand.

Mr Arafat would like some Hamas leaders to stand, but also would like Hamas to split. He has also made sure that the minorities, including Christians

in Bethlehem and 300 Samaritans on a mountain top near Nablus, are represented.

There is a legal quality about the way Mr Arafat decrees who contests seats. Carl Lidbom, the head of the European Union monitors, complained last month when the number of seats in the council was increased by five by a presidential decree. A 22-day campaign was shortened to two weeks.

Mr Arafat wants the council to consist of more than Fatah militants, so representatives of important clans, rich families and minorities have been favoured.

Critics complain that Fatah will resemble the ruling Baath party in Syria. Arafat supporters insist that even if he wanted this, Palestinians have been politically active for too long for him to get away with it.

## Israeli secrecy becomes a dead letter

Jerusalem — Ami Ayalon, a former head of the Israeli navy, has agreed to serve as the next head of the Shin Bet security agency, according to media reports, writes Patrick Cockburn. This fact is about to become an official secret, since the head of the organisation is meant to be known only by the initial letter of his first name.

"Kaf", the current head, resigned on Monday because of Shin Bet's failure to prevent the assassination of Yitzhak Rabin, the prime minister.

The identity of the head of the Shin Bet must be one of the world's worst-kept secrets and efforts to conceal it have become the subject of mockery in the press. At the time he was appointed, Kaf, 45, a specialist on Israeli extremist groups, was targeted by right-wing opponents who put his name and telephone number on the internet. He has been shown repeatedly on television this week, with only his face blurred, and even gave an interview outside his office.

A majority of ministers favour publicising the name of the Shin Bet head, according to a television poll which said nine wanted to give his name, four were opposed and five refused to respond, but were believed to favour dropping the nominal secrecy. Yaakov Peri, a former head of the Shin Bet, and Kaf both say the name should be disclosed.

The attitude of Admiral Avi Alon to impending anonymity is not known. During his three years as head of the navy he showed little penchant for publicity, once telling a military magazine: "We are not in the headlines - that testifies to our success." If appointed, he will be the first outsider to head the Shin Bet, an innovation that had been criticised by some former officers.

Palestinian intelligence has never been in much doubt



Ami Ayalon: Set to be next head of internal security

about who headed the Shin Bet since it negotiated an agreement with its leaders in Rome in 1994 on the division of authority between the two organisations on the West Bank.

Yossi Sarid, the Environment Minister, told Israeli radio yesterday: "The names of the two former heads of the GSS [General Security Service - Shin Bet] were known to the Palestinians, the radical right and the whole world. Only the Israelis did not know."

Meanwhile, Kaf is reported by Palestinian security sources to have overseen the assassination of Yahya Ayyash, the Palestinian master bomber, from the Israeli settlement of Nisanz in the Gaza Strip last week.

Kamal Hamad, the building contractor who is accused of getting the booby-trapped telephone to Ayyash, apparently decided to become an Israeli collaborator after being bankrupted in a failed construction project. The Israeli press has speculated that he received \$1m.

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## Joyous welcome for Hussein jams Tel Aviv

Jerusalem — King Hussein made his first public visit to Tel Aviv yesterday, protected by a quarter of the Israeli police. At the same time, Israel began the release of 1,200 Palestinian prisoners under the terms of its peace agreement with the PLO, writes Patrick Cockburn.

The King, a experienced pilot, flew a Jordanian army helicopter to the Sde Dov air base close to Tel Aviv, where he was met by Shimon Peres, the Prime Minister. Central Tel Aviv was paralysed as police closed off roads and diverted traffic.

"I cannot remember a time that Israel waited for a visitor with such warm anticipation as it has for you, Your Majesty," Mr Peres said. King Hussein is thought to have made a secret visit to Tel Aviv in 1977, but his visit yesterday was a mark of the increasingly close alliance between Jordan and Israel since they signed a peace treaty in 1994.

"I'm so moved, so touched by the warmth with which we have been received," The King said. "I feel at home and among friends." Calling Mr Peres "my fellow peacemaker," he said he hoped for "not only between our two countries and peoples, but hopefully for this entire region in the very near-est possible future".

Mr Peres echoed his sentiments, saying: "We are trying our utmost so that we can bring before our people a proposal for peace with Syria. By the end of the century, which is a matter of another four years, I do believe the Middle East can reach a comprehensive full peace." In contrast to Rabin, his predecessor, Mr Peres has been prepared to see Washington put forward its own mediation proposals.

In Gaza and the West Bank, Israel yesterday released 800 prisoners out of 1,200 who are to be freed before the Palestinian elections on 20 January. There were shouts of joy at the crossing point into Gaza as the detainees were freed.

"I have mixed feelings," said Zakaria Abu Zaidch, 28, a member of the militant Islamic Jihad from Gaza. "On the one hand, I am happy to be free. But I am also sad because many of my colleagues are still behind bars."

Many of those freed belonged to Islamic and leftist groups opposed to Israeli-PLO peace moves. Prisoners said they signed a pledge against violence, but a pledge to support the peace process was dropped. The releases will produce the number of Palestinian prisoners held by Israel from 5,500 to 4,300.

Jordanian flags and banners welcoming the King in Arabic decorated the city as thousands of Israelis lined the streets to watch the motorcade. He visited the Ichilov hospital, where two Jordanian soldiers are receiving treatment and where Yitzhak Rabin died after being shot in November. He took part in a ceremony naming the Yitzhak Rabin Trauma Centre and Rabin's widow, Leah, gave him a medal in honour of her husband. The King was later due to stop at the Sea of Galilee in northern Israel to present a peace prize to an Israeli and a Jordanian envoy.

By improving relations rapidly with Israel, Jordan has

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*John Major 15/01*



# obituaries/gazette

## Professor Allan Mackintosh

Allan Mackintosh's work opened up a new era in the understanding of magnetism.

He devoted much of his life to the study of the behaviour of electrons in solids, and made major contributions to our comprehension of the fundamental electrical and magnetic properties of a fascinating group of elements, the rare-earth metals. He will also be remembered for his successful effort in stimulating solid state physics research in Denmark, just as Niels Bohr's efforts half a century earlier had given that country its splendid traditions in atomic and nuclear physics. Many of his former students now occupy leading academic and industrial posts in a variety of countries; his influence on the development of his subject has been both broad and deep.

Mackintosh was born in 1936, in Nottingham. He was educated at Nottingham High School and Peterhouse, Cambridge. His doctoral research was carried out in the Cavendish Laboratory, under Professor Sir Brian Pippard, where he investigated the Fermi surface of metals, a rapidly developing field of solid state physics.



Mackintosh: rare-earth metals  
Photograph: Royal Danish Academy of Sciences and Letters

he took the established route to the United States, and became Associate Professor of Physics at Iowa State University. This was to shape the direction of his future scientific career. The university's Ames Laboratory had begun to make single crystals of the rare-earth metals. The chemical properties of this group of 17 elements are very similar, and consequently had only recently been separated into pure form. However, their physical properties, particularly their magnetic properties, are very diverse and were, at that time, unexplored territory for the inquisitive physicist. Mackintosh took up the challenge and established himself as a leading expert in this new field.

In 1966, he spent a sabbatical at the Risø National Laboratory in Denmark, where a new research reactor had just become operational. Danish physicists led by Hans Bjerrum Møller were constructing a novel type of neutron spectrometer to measure how atoms vibrate in solids. Mackintosh realised the scientific potential of applying this technique to elucidate the dynamics of the magnetic moments on an atomic scale in the rare-earth metals. He had brought some single crystal specimens from Ames, and made the first measurements of their spin waves. This marked a significant advance in the study of magnetism.

Shortly afterwards, he moved permanently to Denmark. In 1970 he became Professor of Physics at the University of Copenhagen, and a year later was appointed Director of the Risø National Laboratory. Prompted by the oil crisis, Denmark had embarked on a national debate about the development of nuclear power for electricity generation. Mackintosh needed all his diplomatic skills to steer the discussion with factual rather than emotional persuasion.

After 1976, he returned to his Chair in Copenhagen, where he remained until his death. His contributions to the magnetism of the rare earths led to his being awarded, jointly with Möller, the Spedding Prize in 1986. He inspired his colleagues and students, and his careful prose makes his scientific papers a pleasure to read.

The culmination of Mackintosh's research was the publication in 1991, with Jens Jensen, of *Rare Earth Magnetism*, a superbly written exposition of the subject that has already become a classic text. In the same year he was elected a Fellow of the Royal Society.

Although research was always Mackintosh's priority, his leadership skills were much in demand: from 1971 to 1976 as Director of the Risø Laboratory, and from 1986 to 1989 of Nordita (the Nordic Institute for Theoretical Physics), with its close connections to the Niels Bohr Institute. A strong believer in the need for international collaboration, he was also President of the European Physical Society from 1980 to 1982.

Allan Mackintosh took great pleasure in music, travelling and his comprehensive collection of malt whiskies. He disguised his enjoyment of sport and physical activity behind a facade of feigned mediocrity. On hill-walking holidays, he divided his energies between humorous discourses as to the pointlessness of climbing the next hill, and making certain that he was the first to the top.

In later years, his keen interest in the history of physics led him to investigate the mutual influence of Rutherford and Bohr, two of the founding fathers of modern physics. In one of his last papers, he showed the contribution of the Cambridge physicist Charles Ellis to the discovery of the neutrino. It is symbolic of his interest in the past as well as the future of physics, that he spent the last day of his life (he died after a car crash) selecting experiments to be carried out in 1996 at Risø under an EU-financed programme, and then gave a eloquent seminar on the discovery of the neutrino some 60 years ago.

**Keith McEwen**

**Allan Roy Mackintosh, physicist, born Nottingham 22 January 1936; Associate Professor, Iowa State University 1960-66; Research Professor, Technical University of Denmark 1966-70; Professor of Physics, University of Copenhagen 1970-95; Director, Risø National Laboratory, Denmark 1971-76; Director, Nordic Institute for Theoretical Physics 1986-89; FRS 1991; married 1958 Jean Stannow (one son, two daughters); died Roskilde, Denmark 20 December 1995.**

## Births, Marriages & Deaths

gratefully received for The Little Foundation, in the first instance for the mother and baby clinic project, c/o The Little Foundation, 12 Park Crescent, London NW1 4EP.

**HOLLAHAN, James S., OBE FSAI** ARCA On 7 January after a short illness, loving husband of Jackie and much-loved father of Sue, Viv, James and Jane. Private cremation followed by Service of Thanksgiving at Penbury Old Church on Wednesday 24 January. Donations to the Artists' Benevolent Fund or Friends of Penbury Parish Church, c/o R. Mediums TN7 4AD.

**IN MEMORIAM**  
FORT: Dorrit Klar. Always remembered and missed.

**ANNOUNCEMENTS FOR GAZETTE BIRTHS, MARRIAGES & DEATHS** should be written to the Gazette Editor, The Independent, 1 Canada Square, Canary Wharf, London E14 5DL, telephoned to 0171-293 2011 or faxed to 0171-293 2010, and are charged at £6.50 a line (VAT extra).

## BIRTHS

**WATSON:** On 7 January, to John and Lynn, a son, Henry Lewis.

## DEATHS

**BELL:** Professor R.P. (Ronnie) Bell FRS, died peacefully on 9 January 1996, at Kingston Nursing Home, Leeds, aged 88. Husband of Margaret, father of Michael, Honorary Fellow of Balliol College, Professor, Stirling University, 1975-78. Funeral at Lawrencewood Crematorium, Leeds, on Monday 22 January at 12 noon. No flowers, please. Donations, if desired, to Friends of the Lake District, No. 3, Yards 77, Highgate, Kendal, Cumbria LA9 4ED. Enquiries in Wm. Brown & Son, telephone 0113 249854.

**DAWSON-SHEPHERD:** Ian Douglas, on 8 January, peacefully at Queen Mary's University Hospital, Roehampton, aged 80. Founding father and first Chairman of Scope, formerly the Spanish Society, SOS (Stars Of Spain), a charity for people with Cerebral Palsy. The Little Foundation and Paediatric Research Unit at Guy's Hospital. Adored husband of Margaret Kathleen, loving father of Michael (now deceased), Anne, Sarah, Deborah and the late Rosemary. A greatly beloved brother, uncle and grandfather. Private cremation and burial at Nunhead Cemetery, London SE17 1JN. The funeral service will be held at 1pm on Wednesday 17 January. The arrangements in central London for all who respected and admired Ian – fate to be announced. No flowers but donations

**ROYAL ENGAGEMENTS** The Princess Royal, President, Prudential Trust for Children, attended a Pre-Lunch at the British Olympic Association, attended a viewing of the film *Chorus of Fire* for the British Olympic Appeal at Liverpool Town Hall.

**Changing of the Guard**

The Household Cavalry Mounted Regiment presents the Queen's Life Guard at Horse Guards Parade.



Hanson's Self-portrait with model in polyvinyl acetate, 1979. His direct-cast figures brought him notoriety and, later, immense popularity

## Duane Hanson

Duane Hanson, the American sculptor known for his uncanny replicas of people cast from life and dressed in real clothes,

was in his early forties when he made his first pieces of this kind in 1967 under the inspiration of Pop Art and particularly of George Segal's direct-cast plaster figures. Only five years or so later, when his project of documenting contemporary society was barely under way, he became severely ill with cancer, a disease with which he continued to battle intermittently and to which he eventually succumbed shortly before his 1st birthday.

Almost all the work by which he will be remembered was thus produced, in a sense, on borrowed time. These circumstances must help account for the sense of urgency with which Hanson's art embraces the here-and-now, but also for his profound meditation on life and its recognition of the inevitability of death.

Hanson's first direct-cast figures brought him instant notoriety, not because of his astonishingly realistic technique – that would come later – but because of the bluntness with which he presented the violent facts of life in American soci-

ety at a time of great ferment. His early subjects, including the bloodied victim of a road accident, a drug addict and an alcoholic, rioters, dead and dying soldiers, the dredged corpse of a gangland murder and a group of down-and-outs on the Bowery, were brutal and often grotesque.

By the early 1970s he had turned to less overtly disturbing sights, drawn in particular from ordinary suburban life, with a humorous or satirical edge only partly masking the tragic aura of an existence conditioned by boredom, aimlessness and lack of aspiration. The broad comedy of sculptures such as *Tourists* of 1970, the only work by Hanson in a British public collection (the Scottish National Gallery of Modern Art in Edinburgh), in which a physically mismatched and appallingly dressed couple look outwards in dazed bewilderment, still carries in its low the bleak insights of the more directly political works that had preceded them. The people to whom he was consistently drawn, and whom he represented with such rare dignity and compassion, were all out of control, subject to the kinds of

compulsions, such as shopping and over-eating, by which we try to anaesthetise ourselves against despair and the harsh realities of life.

The originality of Hanson's work was quickly recognised, and he received particular acclaim in Europe after his participation in the Documenta exhibition in 1972. In spite of this early success, he gradually fell out of favour with the art establishment, in part because of suspicion of his immense popular appeal but also as a result of his misleading alignment with the Photorealist movement, which lost critical favour within the space of just a few years. His status both in the marketplace and in the affections of the general public remained high, but he was woefully undervalued by the critics and was keenly aware of their neglect. Nevertheless his work has exercised an immense influence on young artists during the past decade, particularly in their use of direct casting of the human body: such notable artists as Robert Gober, Jeff Koons, Charles Ray and Kiki Smith all owe him an immense debt.

This is only fitting in the case of such a remarkable man: kind and immensely compassionate, thoughtful and with an endearing dry sense of humour: totally without pretension, yet it means to be a human being.

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What most concerned Han-

son, however, is that his work should speak clearly to his constituency: the ordinary people of his own society. The retrospective for which I served as guest curator with the Montreal Museum of Fine Arts in early 1994 attracted, almost entirely by word of mouth, an audience of more than 200,000. This success was repeated in Fort Worth and in 1995 in a separate retrospective organised by me which toured Japan. Some may have come simply to marvel at his increasingly miraculous technique, but few will have left the exhibition without an enhanced understanding of what it means to be a human being.

This is only fitting in the case of such a remarkable man: kind and immensely compassionate, thoughtful and with an endearing dry sense of humour: totally without pretension, yet it means to be a human being.

Marco Livingstone

Duane Hanson, sculptor; born Alexandria, Minnesota 17 January 1925; first marriage dissolved (two sons, one daughter); married 1968 Wanda Host (one son, one daughter); died Boca Raton, Florida 6 January 1996.

## Richard Versalle

Richard Versalle, the American tenor, died in a spectacular manner on stage at the Metropolitan Opera, New York, falling from the top of a 20ft ladder during the opening performance of a new production of Janáček's *The Makropulos Case*. Though Versalle may not have had a similarly spectacular career as a singer, he had a perfectly respectable one. He appeared mainly in Germany, tackling very heavy Wagner and Verdi roles, and singing for four seasons at Bayreuth in the mid-1980s, when his voice was at its most powerful.

Back in the US he sang *Tichon in Kaya Kabanova* at Houston, then in 1984 he was engaged at the Deutsche Oper am Rhein in Düsseldorf. Here he sang Riccardo (*Un ballo in maschera*), Cavarossi (*Tosca*), Florestan (*Fidelio*), Peter Grimes and Otello. He also appeared in Zürich, Frankfurt, Stuttgart and Bayreuth where, in 1985, he sang Tannhäuser. Good, or even adequate, singers of Tannhäuser are few and far between and Versalle became a specialist in the role,

singer before making his operatic debut at the age of 45 in 1977 with Chicago Lyric Opera as the tailor, Augustin Moser, in *Die Meistersinger von Nürnberg*. Engaged at the Metropolitan, he was given only minor roles and in 1980 went to Saarbrücken, where he sang Verdi's Otelio, a very major role indeed.

Stretches vocally by these very heavy roles, but in the right repertoire, he was a good and very musical singer. I remember a fine performance of Paul in Korngold's *Die tote Stadt* at Düsseldorf in 1986, while he was praised for his interpretation of Cardinal Albrecht in *Mathis der Maler* at Amsterdam in 1991. Earlier this season he sang Jacob Schmidt in *Rise and Fall of the City of Mahagonny*, broadcast live from the Metropolitan on 9 December. Then on 5 January came *The Makropulos Case*, in which he sang Vitell, the lawyer's clerk, who has to climb a ladder to retrieve a file from the top of a stack.

Elizabeth Forbes

Richard Versalle, opera singer; born Muskegon, Michigan 12 March 1932; died New York City 5 January 1996.

Versalle may have been over-

against the Jews, while working as Berlin correspondent of the newspaper *Svenska Dagbladet*. His book *Behind the Steel Wall* was reprinted last year.

Joyce McCartan, community worker, died Belfast 8 January, aged 67. Campaigned for women's and human rights, and anti-sectarianism, having lost 14 family members in the Troubles. Author of *A Batter All My Life* (1995).

Arvid Fredborg, journalist, died Stockholm aged 80. One of the first to report on Nazi atrocities

against the Jews, while working as Berlin correspondent of the newspaper *Svenska Dagbladet*. His book *Behind the Steel Wall* was reprinted last year.

M. Larry Lawrence, diplomat, died Bern 9 January, aged 69. US ambassador to Switzerland 1994-96. Property dealer, appointed ambassador by President Bill Clinton.

The award of statutory interest in benefit withheld facilitated or was conducive or incidental to the payment of housing benefit. The answer was clearly no. Payment of interest did not assist the payment of benefit. Section 111 did not come into play unless the power facilitated or was conducive to the discharge of the function of administering the housing benefit scheme. It was insufficient to show that the power might benefit the claimant for whose benefit the function was discharged. Section 111 did not avail the applicant.

The award of statutory interest was in the discretion of the court. Where rent was tendered to a landlord by a tenant in receipt of housing benefit, and where as a result housing benefit was withheld, and the tenant did not have the means to pay interest on the arrears of rent, his Lordship would be surprised if a court would grant statutory interest to the landlord.

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power to pay or to provide for the payment of interest on housing benefit.

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The question under section

## Lawrence Neal

chairmanship of Max Nicholson, then of Israel Seiff. This culminated in his becoming a member of the Sea Fish Commission for the UK from 1936-38. He was also a member of the Council of Retail Distributors' Association (RDA), becoming Chairman in 1949.

During the Second World War, he was the first chairman of the employers' side of the Joint Industrial Council for the Drapery, Outfitting and Footwear group of the RDA. He was a member of the Retail Trade Committee of the Board of Trade, and at the same time he held the full-time post of Deputy Secretary of the newly established Ministry of Town and Country Planning – all this notwithstanding keeping Daniel Neal's going, and his night duty as a fire-fighter and warden on the roof-tops of Portman Square during the air-raids.

By the 1960s, Lawrence Neal had become concerned about the future of a specialist business. He had always had great admiration for the John Lewis Partnership so he approached them to see if they were interested in buying Daniel Neal's. It pleased him greatly that they enthusiastically accepted, and in 1963 a healthy business was sold to them.

Even then, at the age of 70, he was not ready for full retirement. He was the first Chairman of the Furniture and Timber Industry Training Board, then Chairman of the Trustees of the Industrial Training Board Pension Fund, and in recognition of his many years of public service he was awarded the Queen's Silver Jubilee Medal in 1977. Lawrie Neal enormously enjoyed his family and its new generations of grandchildren and great-grandchildren. He had a rare ability to span generations in the pursuit of friendship, although he was not always gentle in his relationships. He had, too, a remarkable capacity to overcome the vicissitudes of a sometimes turbulent life: the Great War, the tragic death of his eldest son in the next war, the death of his second wife years later; but he was always looking forward, always curious to find out more. This must have contributed to his longevity.

Lalage Percival

Lawrence Edward Neal, retailer; born London 27 October 1895; chairman, Daniel Neal and Sons Ltd 1939-63; married 1918 Jean Guthrie-Smith (died 1949; one son, one daughter; and one son deceased), 1952 Beatrice Scheibner (died 1972); died Aberystwyth 6 January 1996.

Joyce McCartan, community worker, died Belfast 8 January, aged 67. Campaigned for women's and human rights, and anti-sectarianism, having lost 14 family members in the Troubles. Author of *A Batter All My Life* (1995).

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The Bill now passing through Parliament will give MI5 a role in mainstream policing. Jason Bennetto considers what it means

# James Bond joins forces with PC Plod

The world of spies and secret agents briefly moved out of the shadows yesterday. The Security Service - MI5 - is about to undergo a fundamental change that is likely to have widespread consequences for policing and raises serious concerns about accountability and civil liberties. MI5 will for the first time become involved in fighting conventional crime.

Under the provisions of the Security Service Bill, which received its Commons second reading yesterday, MI5 will assist in combatting organised crime, such as drug trafficking. Until now they have been restricted by law to dealing with threats to national security, such as terrorism, subversion and espionage, and safeguarding the United Kingdom's economic wellbeing.

While there is no possibility of yesterday James Bonds patrolling high streets and stopping drunk drivers, the Security Service will be moving into territory hitherto jealously guarded by the police. Indeed, chief constables are so concerned to protect their privacy they have privately made it clear to the Home Office that if the Government goes back on earlier assurances that the position of the police will not be undermined, they will make a damaging public protest.

The Bill will allow MI5 operatives to bug phones, tamper with mail and enter the houses of organised crime suspects. Most of their work is expected to be more traditional intelligence-gathering, such as surveillance and data analyses. Crucially, the Bill states that MI5 should act "in support of the prevention and detection of serious crime."

There remains, however, a large number of unanswered questions about how an organisation steeped in a culture of secrecy will operate alongside a modern police service. There are also worries that MI5 officers, who specialise in covert intelligence-gathering, will be unwilling to appear in open court in the future and thereby reveal their identity.

These concerns have already been highlighted by civil rights groups such as Liberty and, more significantly, by the influential all-party Commons' Intelligence and Security Committee

which oversees MI5 and MI6. Tom King, chairman of the supervisory committee, said that, in its new role, the Security Service must not be allowed to operate "independently and unseen". The committee said in a report last month there were several areas that had to be resolved, including the manner in which MI5 officers would give evidence for the prosecution at trials and the procedure under which warrants would be issued.

Observers agree that the two aspects of the Bill that are likely to cause the most controversy are whether the police maintain control of all operations and the accountability of MI5.

Liberty argues that previous trials in which MI5 officers have been involved have been marked by the appearance of anonymous witnesses, the use of Public Interest Immunity Certificates, and the complete sealing of courtrooms by screen, masking tape and brown paper.

The biggest example of this occurred during the trial of two IRA terrorists jailed last year for 20 and 25 years for plotting a bombing campaign. During the trial of Robert Fryers and Hugh Thomas, 13 members of MI5 gave evidence behind screens and used only initials after the judge accepted a public interest immunity certificate from the Home Secretary seeking anonymity for them.

Philip Leach, legal officer for Liberty, says: "There is a very real danger that the secrecy with which MI5 operates may deny the right of defendants in criminal trials to a fair and public hearing, and increase the risk of the wrongfully convicted of innocent people."

The Government has strongly disputed allegations that MI5 will be unaccountable. David Maclean, Home Office minister, said yesterday there was a "binding agreement" that the police would continue to take the lead.

He pointed out that MI5's director-general, Stella Rimington, is directly accountable to the Home Secretary and that there is an independent commissioner who reviews the Home Secretary's decisions on the issuing of warrants.

The Government considers the Home Office's promotion of the Bill to be an

important vote-winner. The MI5's new role has provided a welcome boost to its anti-crime credentials, not to mention good headline-grabbing material. This has helped regain ground lost to Labour in the law and order debate.

The chief constables are maintaining a "wait and see" approach. They fear MI5's new-found spirit of co-operation and conciliation is driven by a desire to empire-build.

Stella Rimington has been involved in a successful campaign to persuade the Government and the police that the role of her 2,000 staff should be expanded. Since the IRA ceasefire and the end of the Cold War, the Service has been casting its nets around for new work in an attempt to stave off job losses.

Chief constables acknowledge that MI5 has expert knowledge in the use of surveillance and computer technology for sifting large amounts of data to uncover money laundering and trafficking. But they are adamant that the police must run the show.

Many police chiefs are still suspicious of MI5's intentions. Privately they point to how Mrs Rimington skilfully wrested the responsibility for countering Irish terrorism from the police in 1992.

Their concern that this may be the start of a long-running battle has been heightened with the knowledge that the Bill appears to offer little extra work for MI5. At first only about 20 officers will be working against organised crime. They will operate within the National Criminal Intelligence Service.

The first possible cracks in the Bill, the product of months of backroom haggling, cajoling, and secret manoeuvring, are beginning to emerge. The police are concerned that MI5 will continue to obtain warrants from the Home Secretary and by-pass chief constables, who currently authorise search warrants for each police force. The Bill appears to be vague about this and other issues.

In the light of these uncertainties and ambiguities, the present tensions between the police and MI5 could yet herald the beginning of a long-running bloody civil war between the two organisations.

Table head here

MIS	Police
Annual budget	£150m
Power structure	One director general
Staffing	2,000
Functions	Irish and domestic terrorism, such as animal rights (44% of resources), international terrorism, particularly from the Middle East (26%), counter espionage, particularly Russia (25%), and proliferation of nuclear, chemical and biological weapons (5%)
Origins	The Security Service was formed on 1 October, 1909 to consider the danger to British naval ports from German espionage
	First uniformed policeman stepped out on duty on 29 September 1829

## DIARY

### Royal rights of residency

The Government faces a perplexing dilemma over its Asylum and Immigration Bill now going through Parliament. Where does it stand on "royalty of no fixed abode"? The expression belongs to the Labour MP Tony Banks, who muses: "Just think of all the ex-kings knocking around here - Greece, Romania, Hungary..." Mr Banks has had to withdraw

unable to discover how many crowned heads of state of foreign countries have been allowed to take up residence in Britain. The Home Office tells him it would not be appropriate to discuss the matter.

Now, having got wind of Banks's inquiries, the former King Constantine of Greece has sent the MP a message asking him not to start a vendetta.

Perish the thought, says Mr Banks. "I am delighted we have so many ex-kings here. I just wonder why there is one rule for them and another rule for other asylum-seekers."

In the interests of open government and a spirit of compromise, couldn't the Government at least release approximate figures of monarchs resident on these shores, say, to the nearest half-dozen?

Still Sir Christopher waited, and his patience was rewarded. Who he was in his forties, she divorced and the duo finally tied the knot.

What's more, the BBC job has been in his sights for some time. Two years ago, when he was the outgoing chairman of London Weekend Television, a friend asked him whether he would like one day to replace Marmaduke Hussey. A glint came into Sir Christopher's eye. "That's not in my gift," he said - and then paused. "But it is the greatest job in television."

Andrew's art



You never listen to what I say: Andrew and Madeleine

### Foreign, like

It seems the Labour Party's socialist societists think the outcome of the Northern Ireland peace process is a foregone conclusion. Their "New Vision For New Labour" conference on Saturday includes a session on Northern Ireland - within a foreign policy debate - one "new vision" that won't please the Ulster Unionists, I suspect.

A less-than-overjoyed Labour Party spokesperson says: "The conference isn't organised by us, so I can't answer any questions about it." He might like to ponder, though, that affiliated societies such as the Labour Students, National Union of Labour Clubs and the Fabian Society all believe Northern Ireland comes under foreign policy, then the party may be in need of an internal refresher course.

Harriman, the US ambassador in Paris, went for £7m. Sir Andrew also admits that he dropped out of the bidding for Picasso's self-portrait to Picasso, at around £4m in 1981. It was sold eight years later for just under £22m. "Of course, I'm much better advised now than I was then," he said. He was unwilling to specify whether he was referring to a change of art adviser, or wife.

David Mason, Sir Andrew's art adviser for the past five years, tells me: "I went with Andrew and Madeleine to New York to show them the blue period Picasso. Sir Andrew only saw the de Soto the day before he bought it but I told him, 'you just have to have it'. Madeleine was much more interested in the Mother and Child painting from 1922 - I think because she has two children and one on the way. But I told Andrew, 'this [the de Soto] is the one'."

Mr Mason's view prevailed, and the 1903 Picasso found its way into the Lloyd Webber collection for £18m. The Mother and Child, sold by Pamela and

### Bland deserts

BBC staff will find their new chairman, Sir Christopher Bland, is a man who will get his way, even if it takes him decades - as his wife, Jenny, can vouchsafe. He met her as a child on a beach in Northern Ireland and vowed he would eventually marry her. But Jenny had other plans. She married the Earl of Strafford, with whom she had four children.

draw his rather neat phrase from a Commons written question about the Bill, after being told by a parliamentary clerk that "royalty" could not be used for purposes of ridicule. But despite substituting the more respectful "former heads of state", Mr Banks has been

### Generation Why

by Tony Reeve and Steve Way



### PC pouffes

I am intrigued to learn that furniture is becoming politically correct. A friend went into Maples, the top London furnisher, and asked to buy a pouffe. "Please, madam," she was implored in hushed tones, "we are no longer allowed to call them that. I would be pleased to show you our range of cushioned footstools."

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# THE INDEPENDENT

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## The Church's empty hell

**T**here is an influential body of opinion in this country which holds that it is the duty of the Churches to believe, on our behalf, propositions that we are too clever or sophisticated to believe, just in case they turn out to be true. The patron of this tendency should be Lord Melbourne, who, a century and a half ago, announced his desire to support the Church of England unfailingly, like a buttress supports a cathedral - from the outside.

Such people will be bitterly disappointed by the Church of England's latest report, Hell exists, it says, but may well be empty, and even - following Dante - cold in its innermost depths. The idea that Hell is a place of endless torment or burning is denounced as contributing to a blasphemous picture of God as a sadist. Similarly, the report regards as unnecessary the traditional understanding of the soul as a substance separable from the body, which flies upwards (or downwards) at death. Instead, it proposes that the soul be understood as the "information-bearing pattern of the body", which may be held in the mind of God after death.

Perhaps the most radical and generous break with past Christian patterns of thought is the attitude that the report takes towards other religions. "It is incompatible with the essential Christian affirmation that God is love, to say that God brings millions into the world to damn them," it says, and: "We can see empirically that people are enabled to lead better lives through loyalty following other faiths, and this must mean that God is at work in these faiths."

But the risk must be taken. The effort to disentangle the two sorts of truth can't be dodged at the end of a century that has seen so many traditions crumble under such richly deserved attacks. The Church of England is right to attempt to face head on the challenges posed to traditional Christian understandings by science and feminism. After all, if there is a God, She created both. Churches are in the business of truth, and Christians see the central truth of the universe not as a theological abstraction but as a person. The business of theologians ought to be to refine the images which make that person clear to the rest of us.

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## Time to declare a state of emergency

**A**rriving at a casualty department clutching an injured child, most of us expect to be greeted by state-of-the-art health care, a hospital with plenty of skilled doctors and nurses. The NHS might have queues for operations, but it is meant to be ready for accidents and emergencies.

Yet the reality is alarming. At night, there are usually more drunks than doctors in casualty departments; you can sit for hours untreated as overworked nurses try to cope. There have been instances of people lying for 24 hours on trolleys before being formally admitted.

These problems are longstanding. Later this year, the Audit Commission is expected to make fierce criticisms of the care offered by casualty departments. Its report will stir a national debate into a growing scandal.

And the situation is about to get worse. As we reveal today, there is a serious shortage of junior doctors. Next month, more than a quarter of all A&E junior doctor posts in England will be unfilled - nearly 300 out of a total of 1,300. That means that emergency admissions will get even slower and the log jams of patients blocking cubicles and spilling into corridors will increase.

The main cause of the problem has been the Government's policy to cut the long hours worked by junior doctors. Now that junior doctors are working shorter hours, more are needed. But poor planning means that the extra staff have not been trained and are simply not available.

No one seems to have anticipated the looming crisis, least of all the medical establishment. Indeed, the Royal College

of Surgeons has made matters worse. In 1994, it dropped its requirement that would-be surgeons should have six months' training in A&E medicine. As a result, many surgical trainees are happy to avoid six months of setting broken limbs and stitching minor wounds. There was no consultation with the Department of Health about the college's decision, even though the change has compounded the already serious shortage of doctors.

Demand for health care is notoriously hard to predict. Nobody, for example, has been able to explain properly why there has been a steady increase in admissions to casualty departments over recent years. Suspicion has fallen on some funding-happy family doctors, said to be saving on their budgets by sending patients into hospital as emergency cases. But the evidence is inconclusive.

Whatever the reason, such unpredicted changes demonstrate that hospitals must keep spare capacity so that they can cope with the unexpected, especially emergencies. They must ensure that they maintain healthy levels of staffing.

Gerald Malone, the health minister, is at last taking some action: more non-consultant senior doctors are to be appointed to casualty posts and nurses will be drafted in to perform more tasks. But this is not enough to deal with the crisis.

The answer is to require all juniors, including those going on to be surgeons, to spend six months working in A&E medicine. This may sound like press-ganging, but urgent measures are needed. In any case, we might all feel better if every new doctor was trained to cope with an emergency.

## Fancy a little Delia, réchauffée?



MILES KINGTON

when people say to each other: "If you can't think of anything else, why don't we give them the latest Delia Smith/that paperback Delia Smith/that Delia Smith that someone gave us last year which you've never looked at?"

The result of all this is plenitude during the festive season. There are some things we never seem to have enough of in the kitchen, such as coffee beans, milk, bay leaves, live yeast and tins of anchovy fillets.

Then there are other things we are almost always overendowed with, including oat flakes, Tahasco-type sauces, out-of-date bouquets garnis, biscuit tins, packets of last year's wine-mulling ingredients - and, above all, Delia Smith recipes.

(It is hard not to blame the *Radio Times*, *Sainsbury's Magazine* and bookshops at a speed which can only be described as too fast to stop. This accelerates at Christmas

a time when the *RT* was basically a television and radio listings magazine, but now it is almost all food. Mostly Delia, of course, but also things on what food to eat with which television programme - ugh! - that nice-looking young doctor telling us to eat less, that strange interview feature in which Clement Freud pretends to cook for celebs so that he can tell you what food they ought to like and so on...)

Well, when you get to the middle of January and your larder is still overstocked with Delia Smith ideas, it is time to get cracking. It is time to say to yourself: either I use this up or I throw it away.

Yes, I said "throw it away". Surely, you are thinking, she cannot mean that I should actually throw a Delia Smith recipe in the bin? Chuck it out? Get rid of it?

Yes, I do (*asseverates our leftover cookery writer Ludmilla Sabayon*). That is exactly what I am saying.

There comes a time when we know in our heart of hearts that we are never going to use that recipe and that it is only going to go rotten if we keep it.

I am thinking of that Delia Smith recipe you have had lying around for ages for "Shoulder of lamb

with rice and kidney stuffing" or perhaps that other one for "Rich lemon cream with frosted grapes".

Look at them carefully. Aren't they going a bit brown round the edges? Perhaps a bit mouldy, too? They are probably still edible, but the idea has been lying around for so long that it is soured by now.

Anyway, would you really want to spend some of your precious time stuffing lamb with rice, when rice could twice as easily be served separately?

Someone once said, memorably, that life was too short to stuff a mushroom. I think life is too short to frost a grape.

So be brave and chuck 'em out.

And if you have still got some leftover recipes, why not try amalgamating them to make your own new dishes? "Shoulder of lamb with grape and lemon stuffing", maybe? Or "Kidney with rich lemon sauce"?

Better still, get my new cook-

book, *What to do with those leftover Delia Smith recipes!* by Ludmilla Sabayon, available at all good bookshops - and a lot of bad ones, too, with any luck.

If you cannot find it, just write to me enclosing a blank cheque.



## LETTERS TO THE EDITOR

### You don't need a woman MP to represent women's interests

From Ms Ellie Lee

Sir: Those women looking for a career break in politics will undoubtedly be very put out by the decision to declare all-women short lists illegal (report, 10 January). But why should the rest of us? Why should we equate more Labour women in Parliament with social progress for women as a whole?

It seems these days that we are supposed to believe without question that just because an MP is a woman, she will somehow be better for women as a whole. A glance at the record of Margaret Thatcher should swiftly put paid to this theory. So should a cursory glance at the track record of current MPs on women's rights. As it happens, the most consistent defenders of a woman's right to abortion in the current Parliament are men: Harry Cohen and Harry Barnes. For me, their political opinions are therefore more important than their gender. Social progress for women can-

not be reduced to getting a few more female MPs in sharp suits on the Labour benches. It is about policies and who actually does something about women's rights. Because of this, the decision to prevent more women-only short lists is neither here nor there.

Yours,

ELLIE LEE

Oxford

9 January

is some generic difference between women politicians and the men they replace. In support, women's lower level of aggression is normally cited, implying that debating would become less combative. This is a perfectly reasonable claim: we are not equal; everyone knows it; and it is right to discuss it openly.

Yours sincerely,

DUNCAN M. BUTLIN

Kettering, Northamptonshire

10 January

It is fare for both sides of an argument to be objectionable, but in this debate (about meritocracy), the Labour Party has achieved such a result. Those who favour women-only candidate lists are being promoted to females and promoting resentment against the successful candidates from such lists. None the less, Mr Blair's idea of a meritocracy within the market system is as misguided as Margaret Thatcher's "property-owning democracy".

While some will advance on their merits according to market dictates, others will not "advocate" in Mr Blair's commercial utopia - a society that would be as divided as today's hut the divide between rich and poor "stakeholders" based on merit alone.

Yours faithfully,

GARY SLAPPER

The Law School

Staffordshire University

Stoke-on-Trent

10 January

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DUNCAN M.

## comment

# That dangerous warrior queen

With a dwindling majority and a coming election, a speech by Lady Thatcher is not what the Tories need

Margaret Thatcher does not matter. Not in herself; her day has passed and she has had nothing new to say for years. She will not confront the late Nineties with fresh thought or any truly useful provocation in her speech tonight. But the retired warrior queen will achieve something: she will further hurt her wounded, struggling party.

London's political establishment is interested in Baroness Thatcher's words not as a message, but solely because of the impact they may have on the Conservative break-up. Will they drive another teetering One Nation lettuce over the edge? Will they encourage Michael Portillo to snort, flick his quiff and say something quiveringly outrageous to "Sir Jim" Naughtie of the *Today* programme? Such are the amusements of the capital in winter.

Thatcher has become the willing manipulator of the Tory factionalists, because there is nothing she can say that will not be converted into a weapon. Her pages will be shaken out, her paragraphs pillaged and phrases ransacked by desperate men looking for ammunition against one another. If she offers an olive branch it will be snipped, barbed by backbenchers and used as an arrow.

Thus, if she merely attacks Tony Blair, right-wingers will be shaking their heads and comparing her to "poor John" - if only we were still led like that". If she backs John Major, the left will see it as proof that the right has captured the Prime Minister; "she's only patronising him now because she's son of Portillo later". And anything she says on Europe and the single currency, however expected,

however hard, will have both sides at one another with billiard cues and broken gin bottles.

It has become a commonplace to say that the Tories are fighting the leadership battle which they assume will come after their defeat. It is not quite true of the senior Conservative politicians, even now. Michael Heseltine, Kenneth Clarke, Malcolm Rifkind, Michael Howard and, of course, Major himself still act as if victory is possible.

At staff officer level, the Buffs remain steady. In public they barely flinch. Each week the Treasury sends round a new bundle of straws for the Whitehall private offices to clutch at. The public is spending a bit more. Over the past couple of months the savings ratio has been falling. Interest rates are surely on a downward path. The housing market may finally be moving, even if it will not boom.

There is something in all this. Unless the eternal link between rising real disposable incomes and Tory fortunes has finally been broken, then the pulling gap with Labour ought to narrow sharply through 1996. All other things being equal, that would transform the Conservative mood in Parliament: a flicker of hope would calm the party factions and rally the Conservative press. That would help in the country. Politics would pay off in the nice phrase of one Whitehall adviser, a "Tory peace dividend".

All other things being equal. But, as Thatcher must know, the party is close to losing its nerve. In private, even senior ministers are trading demoralising scuttlebutt with their backbench admirers. Ask many Tory MPs what they will be doing after the election and they will murmur about

family businesses, or returning to the law. Press them on what government job they want and you get a furled hat-trim and a whinny of nervous laughter, as if you have just made an unpleasantly tasteless joke.

Self-belief, in short, is ebbing away even as the economy improves. I thought the Prime Minister's admission of the possibility of Tory defeat last weekend was an important psychological slip. Party insiders were appalled by it.

He was talking about an event which is brought nearer by his discussing it, but his party has been thinking of little else. Forward-thinking backbenchers and ministers are turning their minds to that bitter, exciting week in (probable) Blackpool in October 1997 when the contenders to replace Major as Opposition leader parade before a seething party.

All other things being equal. But, as

Thatcher says, the party is close to losing its nerve. In private, even senior ministers are trading demoralising scuttlebutt with their backbench admirers. Ask many Tory

MPs what they will be doing after the election and they will murmur about

matters more to some of them than holding office, or the party itself. Many on the right, probably including Thatcher herself, would rather see the Tories destroyed than see them bring in a single currency.

And pro-Europeans, though less numerous and more quiet, are no less driven, believing British membership of an integrated European Union to be the great question of national destiny before party and country. Losing two MPs to other parties has finally galvanised the Tory left into factional aggression of the sort pioneered by the right.

Because No 10 is so worried about the majority, the desertion of two Tory contrarians has, for a time, made the rest of them more powerful. The non-jumpers, having regained some self-confidence, will make it harder for Howard and others to tout the right-wing populism they plan for the election. Once Nation Toryism has found its protection racket.

People talk loosely about a struggle for the soul of the party. But for Conservatives even to think that way must eventually be destructive. The Tories can only prosper as a coalition of interests and views, and coalitions do not have souls. They have an approximate centre of gravity and shed heroes, even a nervous system of political instincts - but no numinous ideological essence. That is the province of religion.

For all his faults, Major understands that - as Thatcher does not. She may be the stronger conservative, but he is the better Conservative. Yet he has tried every compromise position and he has nowhere else to go. He cannot rule out British membership of the single currency in the next parliament without losing his Chancellor, a clutch

of other ministers and perhaps his majority, too.

All that is left for him is the promise of a referendum. Many Tories have been surprised that he has not made this final concession. But so far he has been persuaded by Heseltine and Clarke that this would merely fire the starting pistol for an even worse internal argument, as ministers divided into "yes" and "no" campaigns.

Conservative Central Office has been quietly pushing another, merely technical, argument for a referendum: officials fear that Sir James Goldsmith's Referendum Party will otherwise help defeat the Tory candidates in a few key marginals. A referendum would, in my view, be good for the country. But it would not help Major survive the in-fighting. The left does not want it and it would not buy off Goldsmith. The financier would simply change tack and start to organise the "no" campaign in the referendum he had helped provoke. So it would be back to the old argument with a vengeance. Voters would be assured that another Tory election victory would be followed by yet more internal party fighting over the issue. They are unlikely to think it an appetising prospect.

In what way, I wonder, can Thatcher's address tonight help any of this? She can restore old truths, mumble implausible support for a successor she disdains, or good her ideological followers to further mayhem, none of which helps the country or adds a jot to the quality of political argument. Vain in both senses of the word, it is merely her modest contribution to a process that can smash the Tory coalition and keep it out of power for a generation.

## Mitterrand's deadly legacy

The damage done to France by its late president will not be easily mended, argues John Laughland

A world leaders gather for François Mitterrand's funeral, maybe we should be mourning the state of French politics instead. Two things stand out about the Mitterrand era: the commitment to European integration, and socialism. The two intimately connected, have done lasting damage to France.

Mitterrand believed the political power of states was under threat from "economic power", by which he meant the globalisation of world financial markets.

He thought this because he confused the sovereignty of the state with his own personal power as head of the executive. When constrained to change a policy - as in 1983, when *hard-line* socialism was abandoned - he resented it as an unacceptable limitation by the markets of his otherwise unrestricted power. This hubristic belief was the prime motive behind his European policy: he was convinced that the economy could be better "controlled" by politicians in a large, geopolitical ensemble than at national level.

Although he denounced the remoteness and arrogance of France's élites in the spring, his government and he himself are as technocratic as any of their predecessors and are resented as such by most of the population.

Meanwhile, the theory is widely held that the role of the state should be to protect people from the effects of the free market. This month's edition of *Le Monde Diplomatique* contains some 30 articles hysterically

denouncing free trade under the general title, "France's great revolt against liberal Europe". Economic liberalism is regularly attacked as "totalitarian", "dictatorial" and so on.

At December's European summit in Madrid, Chirac nourished such fantasies by affirming that Europe as a whole was winning an important victory against liberalism. This puts him well to the left of New Labour. However, this attitude presupposes the continued predominance of executive power - the "big state" that Chirac said he wanted on New Year's Day - over the upholding of justice and the rule of law. It also presupposes the continued peddling of "Europe" as a universal panacea. The blank cheque signed by French citizens to Mr Mitterrand is evidently still valid, and will be for seven more years.

The writer is a former lecturer at the Institute of Political Science in Paris and author of *The Death of Politics: France under Mitterrand*.

## URGENT!

600 grans need to escape from poverty and disease

There are thousands of elderly people around the world, like Badia pictured here, who need help. But in the last month alone we have heard of 600 who are in desperate need.

Many of these people are frail and delicate. Some are in urgent need of medical attention. Yet most have no families they can turn to for help. And if we don't find 600 sponsors for them - soon - some of these grans could die.

For just over £2 a week, you can save a life.

By sponsoring an elderly person in need, you can provide him or her with the basic essentials of life, such as food, clothing and medicines.

What's more, your sponsorship will also support vital projects which will improve life for entire communities.

Most of all, just knowing that someone cares can make a world of difference to an elderly person in need.

To find out more, clip the coupon now and post to:

Mrs Helen Higgs,  
Adopt a Gran, Help the Aged,  
FREEPOST, London E10 1JY.

You're interested in sponsoring an elderly person. Please tell me what I can do.

Mr / Mrs / Miss / Ms \_\_\_\_\_

Address \_\_\_\_\_

Postcode \_\_\_\_\_ Tel. No. \_\_\_\_\_

Send to: Mrs. Helen Higgs,  
Adopt a Gran, Help the Aged,  
FREEPOST, London E10 1JY.

Or phone 0171 233 0285

Help the Aged  
Adopt a Gran  
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# Let the Beeb rule the waves

The BBC's new chairman must prepare for fierce global competition. But British TV could triumph

It was a nice coincidence that the new chairman of the BBC, Sir Christopher Bland, should be announced on the same day as the news that Rupert Murdoch's Sky TV is leading a consortium bid for more than \$2bn for the European rights to the screening of the next two Olympics. So we have a new head for our state-owned broadcasting company, who himself made a fortune out of commercial television; and a new and potentially devastating challenge to the European state-owned television establishment from one of the strongest commercial players.

Step back a little. We hang on in Britain about the future of public ser-



HAMISH MCRAE

vice broadcasting, the excellence or otherwise of the BBC, whether the licence fee method of funding can be sustained and so on; but these issues are subsidiary ones. The future of the BBC is less important than the future of Britain's place in the international television market. It is as though, back in the 1950s, we were discussing the future of the British Motor Corporation rather than the future of our motor industry as a whole.

Sure, the BBC is currently our largest manufacturer of television programmes (as was BMC of cars), and therefore what happens to it is an important element in the industry as a whole. But maybe in the future our flag carrier, our best hope of dominating a global TV market, will not be the BBC but BSkyB.

Mercifully, the prospects for our television industry now are not as bleak as those for our motor industry were then; though it is chilling to recall that in the early 1950s we were second only to the US as a car producer, just as we are currently second only to the US as an exporter of TV products. But we surely have powerful comparative advantages in broadcast media that we did not have in engineering: most obviously language, but also creativity and independence. It is much harder for, say, Korea, to challenge us in a service industry such as television than it is in a manufacturing one.

Now think ahead 25 years. Global media will continue to grow. We can be pretty sure that there will be hundreds of television channels, distributed all around the world. But beyond



Voice of the nation: but the corporation needs to look beyond our living rooms now

Hulton Deutsch

that we know very little. For example, we do not know whether they will be delivered in real time - transmitting to set schedules for everybody watching - or whether the whole medium will be on demand, with people ordering programmes when they want them.

We do not know whether the principal delivery mechanism will be terrestrial broadcasting, satellite, cable or even telephone wire. We do not know whether we will still watch programmes on a television set, or on a PC screen, or maybe on a souped-up video phone. But if there are great uncertainties, there are also great opportunities, as London could consolidate its position as one of the two or three main production centres for global broadcasting. London already makes more international telephone calls, trades more international securities, manages more international money, than any other place on earth. So it ought to be in a strong position to make more

international television programmes. The question is how?

I'm sure the BBC has a big potential role here, but one has to ask tough questions about its real comparative advantage. We are in a transition phase between a time when the Beeb operated in an oligopoly in the British market, and the only challenge came from ITV, to one where people will have access to television services throughout the world. So the present advantage - ready access to a 50 million market - disappears. Any company will be able to deliver the big hits such as the Olympic Games, provided that we will sign a big enough cheque.

The Beeb does not have any advantage in buying foreign programmes: any organisation can go out and acquire the *Oprah Winfrey Show*. Nor does it have an obvious one in hiring UK celebs: anyone can buy the talents of Noel Edmonds or Anthea Turner. In this new environment - much more

akin to newspapers or magazines than to television as we know it - the BBC would seem to have three clear comparative advantages.

One is brand recognition. Thanks principally to the World Service, the BBC is both a globally recognised station and surely a contender for the most trusted. Next, there is the whole training and development programme, which over the years has developed lots and lots of very good people, maybe pretty brassed off at the bureaucracy in which they survive, maybe not very entrepreneurial, but world class none the less. And third, there is the security of income. While the licence fee remains, the Beeb has the luxury that no commercial broadcasting company has of knowing its income two, three, four years ahead.

All three advantages are fragile. The brand name could be damaged if the product slipped; the people can walk; and the fixed income is surely a

wasting asset, for as the BBC's market share slips and technology changes, it will become impossible to justify a flat tax on television sets.

So what should our national strategy be to try to ensure we get the largest share of the global television cake? I suggest two tracks.

One track is for the BBC. It has gained in Sir Christopher an acutely commercial chairman, someone whose previous experience of the media - running LWT - was one of success. He replaces Marmaduke Hussey, whose previous media experience was one of failure: the disastrous stoppage of the *Times* newspaper.

It seems sensible, therefore, to expect the BBC to behave in a competently commercial manner. It is not necessary for it to have a single blueprint - that can wait until the structure of the industry worldwide becomes clearer. Eventually, maybe in a decade, it will have to be privatised, but that needs to be done with great sensitivity, to preserve the best bits of its all-important elbow. Meanwhile, the BBC needs to respond swiftly to market opportunities. It was fascinating that Sir Christopher yesterday was already acknowledging that it might need a pay-TV service alongside its state-funded one. Why not?

The other track is for the rest of the industry. The BBC may be our best bet for the world market, but it is not our only one. We should encourage the world's media to base international operations here, as some already do.

We should relish the success of BSkyB and not worry overly about Mr Murdoch. It is only half-owned by him, and in any case it is unlikely that his empire will survive his death as a single entity. And if other big British players - BT, for example - wish to enter the global media game, that should also be welcomed.

Above all, we must as a country be nimble. The trick is not to try and pick winners; rather, never to close doors. We have a gorgeous, wonderful opportunity if we think global; and the long shadow of the British Motor Corporation if we don't.

## ANOTHER VIEW Colin Buchanan

### Christian eviction from a palatial lifestyle

The press has reported that Church Commissioners wish to evict the Bishop of Portsmouth from his residence, Bishopswood, at Fareham. I did not know it had come to eviction, but the general business of getting bishops out of palaces - and even out of just-less-than-palatial stately homes - seems to me to have everything to command it. It certainly has the New Testament as its primary backing.

The process is already well in train. The last grand residence to go was Fulham Palace, where Bishops of

London had lived for hundreds of years (and went to Westminster by boat), until Gerald Ellison vacated it and went to a town house in Westminister. But over the years, one by one the enormous residences have been vacated. Another famous one in this century was the Palace at Cudworth, where Bishops of

sages that the commissioners have still got an unlimited amount of wealth in hand; that their priority is taking care of the upper echelons of the church and its expensive buildings; and that laying out for material comfort on earth is more important to privileged parts of the church than is the idea of "laying up treasure in heaven".

Although I approve of the passing of the extraordinary residences and few people crying for their return in places where they have already gone, I also recoil at that word "eviction". Was not the Bishop of Ports-

mouth told of the nature of the residence when he accepted the post from Her Majesty's right-hand man last year? Was not that part of the actual calling he accepted?

If so, then even to bring public suggestion that he should now vacate is improper and unreasonable and puts him and his family under undue pressure. I would think there might be questions asked in General Synod as well as in the columns of newspapers.

The writer is Assistant Bishop, Diocese of Rochester

THE INDEPENDENT • Thursday 11 January 1996

BUSINESS NEWS DESK: tel 0171-293 2530 fax 0171-293 2098

Investment: Dixons plugs into new position

Top appointments ease Rxexam doubts

Market Report: Airtours gets airborne

CITY & BUSINESS EDITOR: JEREMY WARNER

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COMMENT

## Eurotunnel asks France for debt rescue

RUSSELL HOTTEN

Eurotunnel has asked the French government to rescue it from its cash crisis by providing financial guarantees to the 25 banks that backed the Channel Tunnel project.

Detailed talks have focused on whether Paris would secure a huge Eurotunnel bond issue for the bulk of its £5bn of debts. The terms are thought to involve issuing a zero-interest coupon guaranteed for 10 years, followed by promises of security in return for staged interest payments over another 20 years.

The surprise news emerged as Sir Alastair Morton, the company's co-chairman, called for Stock Exchange inquiries in London and Paris into this week's erratic movement in Eurotunnel share price. Sir Alastair revealed that a previous investigation into dealings by traders in Paris had been passed to the French police.

Eurotunnel shares in London closed up 7p at 84p yesterday.



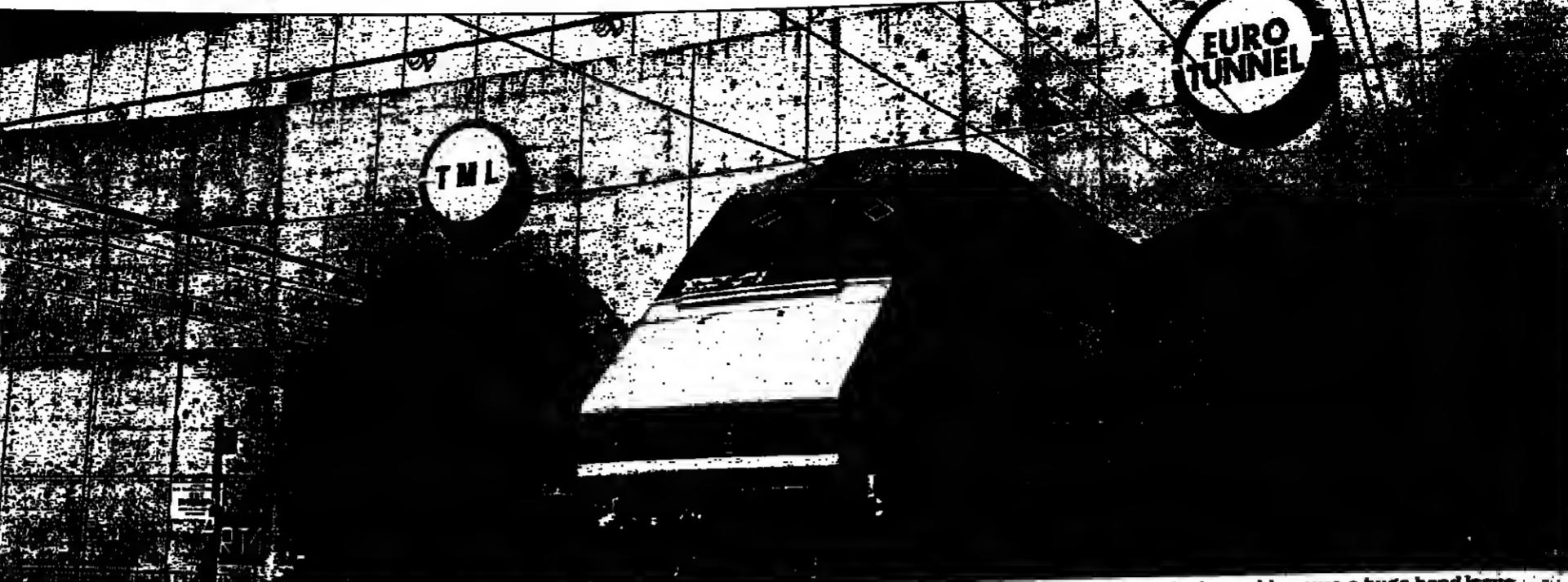
Patrick Ponsolle: warned Paris of a financial scandal

News that Eurotunnel is discussing help with the French government will intensify divisions among the banks, which expect soon to hear the results of discussions between the company and agent banks about resolving the crisis. The 25 Japanese banks are thought to be resisting any immediate deal in the hope that the Government might intervene.

Eurotunnel is also pressing the UK Government for help but is believed to have made little headway. In Paris, however, the company has received a more sympathetic reception.

Patrick Ponsolle, the French co-chairman, said he had warned the Paris government that it faced a financial scandal if Eurotunnel's restructuring was not solved soon. "Eurotunnel's position is perceived differently in France. In the UK, you believe it is simply just an unfortunate problem for shareholders and bankers. In France, it is seen as a scandal because people were encouraged to invest by promises that Eurotunnel would be a success."

Mr Ponsolle declined to say whether the French government had agreed to help, or when it might intervene. The talks are linked to an attempt by Eurotunnel to extend the concession under which ownership of the project reverts back to the two governments after 67 years. The concession still has 57 years to run, but Eurotunnel wants it extended to 99 years, which would be similar to other large projects. With a longer concession, Eurotunnel would have more scope to spread debt repayments to the banks.



Crisis line: The French end of the Channel Tunnel. Talks between Eurotunnel and the French government have focused on whether Paris would secure a huge bond issue

Mr Ponsolle said: "I have told our government that they must recognise the problem that they face. Many things they promised have not happened. They have some responsibility."

Although he confirmed that he was talking about the state providing guarantees for a bond issue, he declined to be more specific. He believed that a Labour government might be more willing to come to Eurotunnel's assistance.

Last year Eurotunnel shocked banks by suspending interest payments worth £700m

for 18 months. Mr Ponsolle accepted that any announcement of a government guarantee might coincide with the lifting of the interest standstill.

"But there is so much to do. Absolutely nothing has been decided."

It is understood that Eurotunnel and the agent banks are negotiating an interest-or-equity swap to resolve the suspension of payments.

Yesterday, Sir Alastair launched a stinging attack on share traders and dealers in Eurotunnel debt, who he said

were undermining the company's share price.

On Tuesday Eurotunnel shares fell 7 per cent in London and 4 per cent in Paris on rumours that it was about to file for bankruptcy.

Sir Alastair said he would be writing this week to regulators in London and Paris calling for an investigation into all Eurotunnel share dealings this week.

"There are professional short-sellers out there who are deliberately driving down the price."

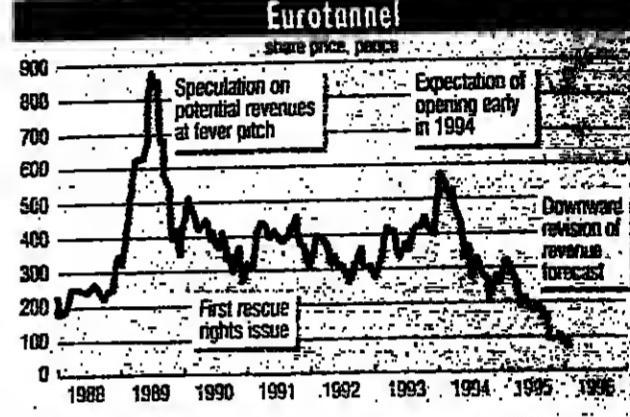
Paris authorities launched an investigation in 1994 after a

successful attempt to drive down the share price in advance of Eurotunnel's rights issue.

Sir Alastair said he had seen a report which had been passed to the police. It named several French and UK stockbrokers.

Sir Alastair said this week's rumour that Eurotunnel was going bankrupt were beyond belief.

"No banker has ever said that Eurotunnel should go into receivership. Eurotunnel is only an asset if it continues to operate. It is in the interest of short-sellers and debt traders to spread gloom about Eurotunnel."



## Forte shares surge as institutions bet on Granada victory

MATHEW HORSMAN

Trading volumes in Forte soared dramatically yesterday as 24 million shares, or nearly 2.5 per cent of the company, changed hands. Dealers said large institutions were adding to their holdings, reflecting the growing belief that Granada will win its £3.8bn bid for the hotel and restaurant company.

The trading pushed Forte's shares to 360p, up 5p, and just 2p short of the all-cash alternative on offer from Granada. One analyst said: "If you believe Granada is going to win, then buying Forte shares is a cheap way of buying into Granada." Institutions were also attracted by the wide margin between Forte's current price and the value of Granada's cash-and-shares offer of up to 385p (including a tax benefit available to pension funds).

Granada's own shares raced ahead by 16p to close at 63p. Among the big institutional buyers were Mercury Asset Management, which is the biggest single shareholder in both Granada and Forte. MAM's Carol Galley, arguably Britain's most influential investment manager, was instrumental in ensuring the success of Granada's hostile bid for LWT in 1993. She is expected to play a similarly pivotal role in the outcome of the Forte battle, using MAM's 13.95 per cent stake, to which half a million shares were added in trading on Tuesday.

Speculation that Granada itself was behind the purchases was scotched by informed sources, although it appeared that Hoare Govett, brokers to Granada, were heavy buyers.

Meanwhile, Forte found some support yesterday when the Savoy Group publicly

backed Forte's plan to distribute its 68 per cent holding in the luxury hotels company to shareholders. In a letter unveiled a robust new profits forecast for 1995, Sir Ewen Fergusson, Savoy's chairman, said Forte's plan "would enable management to continue with its strategy of realising [the group's] considerable potential."

Speaking in the plush surroundings of the Savoy hotel yesterday morning, Sir Ewen added: "We have had no contact with Granada since Sir Alex Bernstein [Granada's chairman] made a courtesy call when the bid was announced. There is certainly no concrete offer on the table from Granada." The television and leisure company has said it, too, would dispose of the Savoy stake if it had succeeded.

Sir Ewen made the comments as Forte forecast 1995 profits of £11.4m, up 165 per cent, and promised to double the dividend, to 14p per Class A share and 7p per B share.

The sharply higher profits reflect an upturn in the London hotels market, where the Savoy Group runs seven luxury properties, including the Connaught,

the Berkeley and the Savoy. Sir Ewen said a new management team in place since late 1994, led by the managing director, Ramon Pajares, had controlled costs, improved occupancy rates and increased revenue per room.

The company also sold off its ailing Lancaster Hotel and a country club, Forest Mere. It is part way through a £58m refurbishment programme, to upgrade the Connaught, Claridge's and the Berkeley.

Mr Pajares said yesterday he was aiming to increase occupancy rates to about 80 per cent in line with the rates achieved by some competitors.

Forte said the results at the Savoy were proof that the London market was turning around.

"This is certainly not the time to be selling hotel properties, and certainly not at fire-sale prices," a spokesman said.

Granada has said it will sell trophy hotels and the Merchant and Environs chains if it bid succeeds, part to finance a special dividend of 47p payable to Forte shareholders as part of Granada's increased and final bid, announced Tuesday. It insists that it has identified serious buyers and that it will be able to fetch good prices.

Granada also attacked

Forte's dividend policy yesterday, suggesting that the company's promise of 20 per cent higher payouts in each of the next three years would require a dramatic rise in profits.

"Forte's management need to spell out, in detail, how they can afford to meet their promise," Gerry Robinson, Granada's chief executive, said.

Forte fought back, criticising Granada for becoming "forced sellers of assets on a unprecedented scale within a short time-frame."

Britannia Building Society has withdrawn its replacement Tessa offering 7.64 per cent net fixed for five years and replaced it with a second tranche offering 7.25 per cent. One investor who contacted the *Independent* applied for

many of its other chains such as Woolworths, Comet and B&Q, has experienced problems.

The company said: "Darty was a good acquisition and we wanted to build on that." Retail analysts said the deal seemed a good move. However, one described the deal as "totally bemusing". "It would have been better to seek new opportunities than simply reinforcing existing territory," he said. Kingfisher shares fell 16p to 528p.

But has 5.1 per cent of the French electrical market, which is thought to be less cut-throat than the UK market, which has seen a flurry of high-level casualties. As Darty is the market leader, with more than 12 per cent, Kingfisher will now control 15 per cent of the market. But it is also France's second-largest furniture retailer, with a share of 7.7 per cent.

Last year But achieved profits of £10m on sales of £104m

looking for lower prices. All but 37 of the stores are franchises, although the company is looking to buy many of the franchises back.

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Kingfisher has signed a standstill agreement, which means it cannot increase its stake for two years. The founding family has also undertaken to maintain a minimum 40 per cent interest in the company for the next six years.

Darty has consistently rescued Kingfisher's trading figures when a succession of problems have hit its UK businesses. In the six months to July profits fell at B&Q, losses deepened at Comet, while Superdrug profits were flat. Darty meanwhile reported a 10 per cent rise in profits to £40m out of group profits of £90m.

## Kingfisher spreads Continental wings

NIGEL COPE

Kingfisher, the retail group whose French subsidiary has been one of its few recent successes, is expanding further into the French electricals market. It is paying £59m for a 20 per cent stake in But, the country's fourth-largest electrical retailer.

The group is conducting the deal through Darty, the French electricals retailer it acquired in 1993. Darty accounted for almost half of Kingfisher's profits in the six months to July. It is widely considered to have been the group's salvation when

the Berkeley and the Savoy. Sir Ewen said a new management team in place since late 1994, led by the managing director, Ramon Pajares, had controlled costs, improved occupancy rates and increased revenue per room.

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Kingfisher is spreading its wings across Europe. It has already expanded into Spain, Portugal and Italy, and is now targeting the rest of the continent.

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Sarajevo  
Serbs  
put case  
to Bildt



## COMMENT

**'Now Sainsbury's is addressing its management structure, it needs to inject more spark on the supermarket floor and bite back at those upstarts Tesco and Asda'**

The boardroom re-shuffle at Sainsbury's is a valiant attempt to inject some dynamism into a company that is widely felt in the City to have lost its way, but it needs to go a lot further to really make a difference. That much was clear from Sainsbury's share price yesterday which edged down a penny. As far as the market was concerned, it was a damp squib.

The central criticism is that David Sainsbury has not really split the roles of chairman and chief executive. The new structure will still see Mr Sainsbury remain as executive chairman while the two chief executives of the main subsidiaries will report to him. Creating a single group chief executive would have been far better.

To be fair to Sainsbury's, perhaps yesterday's changes are a prelude to just that. Certainly, Dino Adriano, who will run the UK supermarkets, looks to be the coming man. A Sainsbury's lifer through and through, he has impressed at Homebase and risen steadily through the ranks. True, he is not regarded as "the Ronweiler of Stamford Street" like Tom Vyner, Sainsbury's soon-to-retire deputy chairman, who strikes fear into the hearts of suppliers with his fearsome buying technique. But he has developed a reputation as the kind of aggressive manager the board needs. Some say Sainsbury's has become "too nice to win" in the sharp-elbowed world of supermarkets, so the promotion of people such as Dino Adriano, who are not afraid of a scrap, is a step in the right direction.

Another welcome attribute is that he is a good general manager capable of looking at the big picture.

Set against this view of the changes, word is that Sainsbury's tried to persuade Mr Vyner to stay on longer. This suggests that Sainsbury's would sooner have given its new boy longer before thrusting him into the limelight.

Now Sainsbury's is addressing its management structure, it needs to inject more spark on the supermarket floor and bite back at those upstarts Tesco and Asda.

Mr Sainsbury was already talking about a more aggressive trading stance yesterday. That could mean that if its January price promotion proves successful, it could be extended and become a regular feature - February Savers, March Savers and so on. There are also signs that a new loyalty card is actively being considered. So far, so good, then. But more must follow.

## Two cheers for Norwich on bonuses

**T**wo cheers for the announcement from the Norwich Union that it won't be cutting bonuses on its with-profits policies this year. It now looks as if the scare about endowment policies failing to generate enough money to pay off the mortgage may be over. But there is only one cheer for endowment policies as a way to finance the purchase of a house if, and when, the market revives.

The ratcheting down of bonuses that started five years ago seems to have come to a halt. Current levels are broadly in line with prospective total returns - roughly half of what was chalked up in the 1980s.

In the low-inflation environment of the 1990s, this translates into respectable, if unexciting, potential pay-backs from policies. Over 10 years, a person with a Norwich Union with-profits policy will walk away with a compound annual return of just over 10 per cent. Those with 25-year endowments stand to gain 12.5 per cent a year. Not bad, all things considered. Enough at any rate to meet the mortgage - and leave some over.

That doesn't change the fact that it is no longer a sensible idea to take out an endowment policy when borrowing to buy a house. For one thing, they are inflexible as hundreds of thousands of people forced to cash them in have found out. The future over low payout for those who don't run the full course isn't necessarily good news for those who do. Better terms for those who cash in will be paid for by those who save the full term of the policy.

Much more important, new tax breaks make endowment policies a less and less attractive savings vehicle. With PEPs providing a tax-free haven for long-term investment, the uneasy mix of life assurance and investment which the endowment policy provides is long past its sell-by date. For more cautious borrowers previously attracted by the "smoothing" effect of endowments, another option is accelerated repayment of debt, using the tried and tested repayment mortgage.

One reason bonuses have fallen so far in the past five years is that they were pushed up to unrealistic levels in the late 1980s. These fancy pay-outs bore witness to a marketing war that took the endowment policy to a wholly inappropriate 80 per cent of the total market. Yet even now, 65 per cent of loans are still backed by endowments. Clearly, the lesson has still to sink in.

## Trade figures give no ground for complacency

**T**rade figures are the least satisfying of all economic statistics to interpret. They are volatile, subject to big month-to-month distortions, and frequently revised. The balance of payments crisis that famously turned Denis Healey back at the airport in 1976 to face the fire from an IMF hit squad was subsequently largely revised away.

Awareness of these difficulties helps keep in perspective the deterioration in Britain's trade position in 1995. Thanks to already published partial figures for trade with countries outside the European Union, we know that the widening in the gap in October was more or less reversed in November.

Even so, there are no grounds for complacency. One worry is that import prices

have increased sharply in recent months, even though the pound has been reasonably stable.

In the three months to October, import prices were 12 per cent higher than a year earlier.

This may be nothing more than a delayed reaction to sterling's decline earlier in the year. Even so, it will feed through to manufacturers' costs and could be passed on in price rises at the factory gate.

If nothing else it will keep the Bank of England fully occupied in its uncasing the search-and-destroy mission against all sources of inflationary pressures.

The other warning signal is the shift in the composition of growth during the past year or so, away from net exports and towards consumer spending. The export-led recovery proved to be as short-lived as it was over.

Its brevity demonstrates that the advances in exports during the early part of the recovery - and the setbacks last year - were mainly due to the economic performance of Britain's key export markets.

For all the claims of government ministers, the stark message from the trade figures is that there appears to have been little underlying improvement in the competitive appeal of British goods. That leaves prospects for the trade gap this year heavily reliant on German and American economic performance, despite a highly competitive exchange rate.

## Trade gap worst in three years as exports tumble

DIANE COYLE  
Economics Correspondent

Britain's trade deficit in October was the worst for nearly three years. Exports dived by £771m during the month as trade with the US and the rest of Europe slowed, adding to fears that growth will remain weak this year.

The Governor of the Bank of England, Eddie George, said yesterday that there were worries about the extent of the slowdown taking place on the Continent, especially in France and Germany. With the typical understatement of a central banker he said: "Taken overall, I don't think we are concerned growth will get out of hand" - even though consumer spending would pick up.

Mr George said inflation would probably be at or below its 2.5 per cent target in two years. That was why he had recommended a quarter-point cut in base rates last month.

Alongside the news of

weaker exports, separate figures yesterday pointed to a slower pace of economic growth. New housebuilding starts dipped 14 per cent in the three months to November compared with the previous three months. And the longer leading indicator of the economy, a signal of trends a year ahead, fell for the 17th month running.

The trade gap widened by £683m to £1.7bn in October, its highest since December 1992. The deficit with the EU rose to £477m, on top of the already-published jump to £1.2bn in the non-EU shortfall. Although figures showing that the non-EU portion narrowed again in November to £500m have already been published, economists said the unexpected deterioration in Continental trade was disappointing.

The biggest declines came in exports to Germany and the Benelux countries during the three months to October, although sales to France and the rest of the EU were also slightly

lower. Imports from France, the Netherlands, Belgium and Spain all increased.

Imports of cars from EU countries increased by about £500m, one of the biggest advances. Imports of other finished and semi-finished manufactured goods also increased significantly.

The overall trade gap in the three months to October amounted to £3.9bn. Half the £1bn increase during the three months was due to trade in erratic items such as ships and precious metals - notably much higher than usual imports of silver ingots, possibly due to speculative stockpiling.

Underlying exports were 3.2 per cent higher than the same period a year earlier, compared with a 4.5 per cent increase in imports. Export volumes performed better than import volumes, but import prices have risen faster.

Helen MacFarlane, an economist at brokers Hoare Govett, said exports grew in line with exchange markets.

## Exchange to push on with reform

JOHN EISENHAMMER  
Financial Editor

The London Stock Exchange last night signalled that it will push ahead with share-dealing reforms to remain the financial centre of Europe.

It dismissed as incorrect the idea that the exchange's market-makers had hijacked the process for change and said it was pressing ahead to introduce an order-driven share-dealing system in August. Leading market-makers have conceded that change is inevitable.

The Stock Exchange is expected to issue tomorrow a detailed consultation document to ascertain precisely what sort of order-driven mechanism the market wants. One of the three main options is to stick with the status quo, the traditional quote-driven system dominated by the powerful market-making firms using their capital to offer continuous buy and sell prices for shares, and not have any order-driven facility at all. But this is widely regarded by market participants as unlikely. The consultation will be the

first time the broad market, comprising securities firms, big fund management institutions which own much of the country's equity, and the large corporations that raise capital through the exchange, is being comprehensively asked for its views on the share-dealing reforms. One of the contributing factors to the recent firing of Michael Lawrence from his post as chief executive of the exchange was the concern among many members that he was seeking to push through radical reforms without knowing what the market actually wanted.

The consultation is to be completed by mid-February, so that the Stock Exchange board can consider the recommendations by late March.

The other two main options in the document are to switch fundamentally to an order-driven mechanism, whereby sell and buy orders are automatically matched on the dealing screens, and some form of hybrid combining order-matching and a quote-driven system on the same dealing screens. While some form of combination of

the two trading facilities is already regarded to be the most likely outcome of the consultation, a hybrid in the sense of the two systems on the same screen, which is what the Stock Exchange appeared initially to favour, is known to be fiercely opposed by most of the market-makers.

"The two systems competing against each other simply cannot work. Capital will be withdrawn from the market," said senior market-maker said.

The steering committee that will make the recommendations includes John Kemp-Welch, chairman of the Stock Exchange; Graham Allen, managing director of the ICI pension fund; Donald Brydon, deputy chief executive of BZW; Scott Dobbie, chairman of NatWest Securities and Michael Marks, deputy chairman of Merrill Lynch.

Michael Marks: On the steering committee

## Dixons and Next fight sales gloom

TOM STEVENSON  
and NIGEL COYLE

The increasing polarisation of the high street was confirmed yesterday with bullish trading statements from Dixons and Next contradicting the gloomy picture painted earlier in the week by House of Fraser.

Despite good rises in sales at Dixons and Next in the lead-up to Christmas, the share prices of both companies were hit yesterday as profit-takers cashed in on their dramatic rises last year. Dixons fell 14.5p at 409.5p while Next slipped 16p to 437p. Dixons accompanied news of a 41 per cent increase in profits for the six months to October with news that sales in the eight weeks since the end of the first half in October were up 10 per cent overall and 10 per cent on a like-for-like basis.

The figures were driven by the strength of the personal computer market, which Dixons entered three years ago with the

launch of PCWorld, which the company believes has a 40 per cent share of the fast-growing domestic PC market. The Link, a new chain focusing on mobile phones and other communications equipment, also grew fast.

Next confirmed that sales in its high street stores between July and the end of December were 13 per cent higher than the same period last year. This was achieved with only a 4.5 per cent increase in selling space.

Next Directory performed even better, with sales up 17 per cent up on last year.

John Richards, retail analyst at NatWest Securities, said:

"What we are seeing is the polarisation of the high street as it divides between the haves and the have-nots." The pattern is expected to continue today when Boots and Sears deliver trading updates. Boots is expected to report healthy sales gains while the performance at Sears has been more patchy.

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## Murdoch challenge for Olympic TV coverage

MATHEW HORSMAN  
Media Editor

The European Broadcasting Union's stranglehold on rights to screen the Olympic Games has been challenged for the first time, as confirmation came yesterday that Rupert Murdoch's News Corporation and several partners have bid \$2bn for the rights to all five Olympic Games between 2000 and 2008.

The News Corp consortium is expected to share the rights with terrestrial and subscription television services throughout Europe, and is prepared to give precise undertakings to encourage as wide a viewership as possible.

If the bid is successful, viewers of pay-TV channels in the UK such as Sky Sports, part of Mr Murdoch's 40 per cent-owned BSkyB satellite broadcaster, will get wall-to-wall coverage of big Olympic events. Highlights, as well as some live action, will also be shown on terrestrial "free" television.

fund an adequate bid for the rights by the end of the decade.

The changing nature of television in Europe, particularly the fragmentation of programming channels, has made it increasingly difficult for public broadcasters to compete for programming. In the UK, the BBC has already been hit out of some sport and film rights because of spiralling costs.

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## Sainsbury's prepares for battle

NIGEL COPE

Sainsbury's announced a boardroom shake-up yesterday designed to boost investor confidence and restore the company's position as the UK's leading supermarket group. The company is now looking to adopt a more aggressive trading strategy and take the battle to rivals such as Tesco and Asda, which have overtaken Sainsbury's as the most innovative retailers in the field.

The changes were criticised in the City for not going far enough, as David Sainsbury has stopped short of splitting the roles of chairman and chief executive.

Other City economists were gloomier about the likelihood of a pick-up in British markets. "Export volumes will weaken further as overseas demand stagnates," said Adam Cole at James Capel.

Sterling weakened on yesterday's trade figures, falling to DM2.225 from the previous day's close of DM2.230.

Tony MacNeary of NatWest Securities described it as "a slow step in the right direction for quite a conservative company."

Another said: "It's a good step but not what the City was looking for. We were hoping for more radical changes than this."

The restructuring board will see David Sainsbury remain as executive chairman, with two chief executives running the main operating subsidiaries. Tom Vyner, the influential deputy chairman of the group, will become chief executive of the UK supermarket division until he retires at the end of next year. He will then hand over to Dino Adriano, who has performed well at Homebase but is thought to lack experience in the UK supermarket sector.

This would be akin to the systems operating successfully in France and the US, where there is an electronic order-matching system plus a block-trading facility, whereby brokers can take large positions on their own books and then dispose of them before the trades go through the official market. The consultation document also offers highly-detailed variations on these options.

The steering committee that will make the recommendations includes John Kemp-Welch, chairman of the Stock Exchange; Graham Allen, managing director of the ICI pension fund; Donald Brydon, deputy chief executive of BZW; Scott Dobbie, chairman of NatWest Securities and Michael Marks, deputy chairman of Merrill Lynch.



David Sainsbury (right), remains executive chairman; Dino Adriano (top left), will take charge of the supermarkets operation when Tom Vyner (lower left) retires next year



Mr Adriano trained as an accountant before joining Sainsbury's in 1964. He spent the early part of his Sainsbury's career in accounting functions before becoming an area director of the company's supermarket business between 1986 and 1989.

For the last six years he has been running Homebase and is currently overseeing the integration of the Texas Homecare chain, which was acquired last year.

Mr Adriano said he was looking forward to the task of battling against Tesco, Asda and Safeway. "It's a challenge but I think I'm ready for it."

Commenting on his management style, he said: "I like to take a thoughtful results approach and prefer immediate action. I hate indifference and don't like office politics."

## IN BRIEF

## Coal Investments strengthens board

Coal Investments, the struggling mining company whose shares are suspended while it tries to put a rescue financial package together, yesterday strengthened its board with the appointment of Herman Scopes, former chairman and chief executive of ICI Paints, as a non-executive director. Mr Scopes' appointment means the board now has four executive and four non-executive directors.

## Consumers wary of foreign electricity

More than two thirds of consumers would not switch to a foreign-owned electricity company when competition is introduced in 1998, according to a survey by the Consumers' Association. More than half said they would be willing to switch to a regional electricity firm other than their own and a similar proportion would move to another utility with which they already have dealings.

## PIA to back down on pension scandal

The Personal Investment Authority, the financial services regulator, is believed to be ready to cave in to demands from specialist insurers that it tone down letters sent by its members to potential victims of the pension transfer scandal. An announcement is expected within the next few days. Insurers had threatened that unless the wording of these letters was altered they would not cover financial advisers facing compensation claims.

## Financial adviser suspended

The Personal Investment Authority has suspended the independent financial advice firm of Piper Lee & Piper, based in Stamford in the Vale, Oxfordshire, after the firm admitted it was insolvent.

## Gold breaks through \$400 an ounce

Gold has broken through the \$400-an-ounce barrier for the first time since August 1993. The metal's strength

# business

## THE INVESTMENT COLUMN

Edited by TOM STEVENSON

### Dixons plugs into new position

Dixons has been a remarkable success story over the past three years since the share-faced retreat from an ill-fated foray into the difficult American retail market. Don't be misled by the shares' 18p slide yesterday to 409p; these were excellent figures that confirmed the group's success in repositioning itself away from a tired high street to popular out-of-town sites and into genuine growth areas such as personal computers and mobile phones.

There were three reasons for the shares' fall: profit-taking after a stunning doubling of the price last year; the traditional January hangover for retail shares; and, finally, what appeared to be a misreading by analysts of the balance between first- and half-year profits.

Although the gross margin slipped a little under one percentage point during the half-year to October (thanks to an increase in lower-margin PC sales), good control of other costs saw pre-tax profits up 41 per cent to £37.5m from a 15 per cent sales increase to £855.7m. At the earnings per share level an impressive 59 per cent rise to 5.9p allowed a 14 per cent lift in the interim dividend to 2.68p.

The recovery at Dixons has been driven by its foresight in grabbing a 40 per cent share of the retail computer market through PC World, the chain that only came into existence at the beginning of 1993 and still has little serious competition.

Although the computer market as a whole grew by 27 per cent last year, the domestic segment romped ahead by more than 70 per cent and shows no sign of slowing.

The other key development has been the well-executed shift of Currys, the fridges and washing machines arm, from the high street to increasingly large out-of-town sites. Currys' newest stores are twice as big on average as Comet's competing shops, which means that it can offer bigger ranges and allow new products to piggy-back on the Currys brand.

Dixons has finally shrugged off the misguided price-led strategy of the 1980s, when a third of its products were own-brand. It now competes on range, value and after-sales service, which it has rightly pinpointed as the route to customer loyalty.

High street Dixons, out-of-town Currys, communications products store The Link and PC World all have discrete, focused markets - at least a sensible strategy backed up by fast-increasing capital expenditure.

How much of this good news is already in the price? On the basis of NatWest Securities' forecast of £138m profits in the year to April, the shares currently trade on 17.5 times earnings,

a sizeable premium to the rest of the market. That is justified by Dixons' much better-than-average growth prospects, but yesterday's share price hiccup suggests that investors have enjoyed the best of the run.

#### Cost-cutting bolsters Savills

Strong management through one of the worst property recessions this century has stood up against estate agent Savills in good stead. Decisive action to cut costs helped to reverse £4.5m of losses chalked up in the early 1990s and its luxury residential and agricultural businesses have helped it to weather the commercial property downturn.

That strength is reflected in yesterday's half-year profits, which dipped only slightly from £1.9m to £1.84m in the six months to October, despite the continuing dire state of the commercial market. But trading profits have been on a plateau for the past two years and the company looks to be heading for a third, judging by yesterday's warning that the full 1995/6 results are unlikely to rise above last year's.

The problem is that the commercial side, the powerhouse of the 1980s, has become a drag in the 1990s. Operating profits in the half-year sank from £91.6m to £62.4m, and a

lot of the business is only marginally profitable.

Things would have looked much worse without the fees from handling a £125m deal involving the sale of a central London property portfolio belonging to Scottish Amicable to a German investor during the period.

Aubrey Adams, managing director, believes the market could pick up quite fast if current institutional talk about investing more in property is translated into action. But in the meantime, Savills must rely on its other activities to deliver growth.

Profits in agricultural and residential property are up healthily from £658.0m to £1.04m in the six months and the outlook seems set fair.

Demand for homes in the range from £450,000 to over £5m, in which Savills specialises, remains strong and Mr Adams believes the resilience in farmers' incomes will continue into 1996, underpinning the agricultural market.

More questionable is the funneling of much of Savills' extensive cash resources into what looks like a rag-bag of financial services operations ranging from leasing to stockbroking. Together with holding company costs, these clocked up losses of £177,000 in the latest period.

The shares, down 5p at 57p, reflect the uncertain outlook on a prospective price/earnings ratio of 10, assuming unchanged profits of £3.5m this year.

Strengthened by the appointment of

former Moyer International chief executive Richard Jewson as chairman last year, Savills remains a high-quality punt on the sector, but only for those who see an upturn in commercial property around the corner.

#### Vibroplant sells off US division

The market warmed to news yesterday that Vibroplant, the Yorkshire-based plant-hire group, had sold its American Hi-Lift division. The \$65.8m (£44.4m) deal, including the assumption of \$22.3m in debt, was comfortably ahead of book value and better than analysts were expecting when Vibroplant announced its intention to sell in July. The shares responded accordingly with a 7p rise to 81p.

The sale leaves the company financially very strong, wiping out debt and leaving it with cash backing amounting to over 43p a share. It is a windfall which Vibroplant might do well to sit back and ponder before rushing out on a spending spree. Yesterday, Jeremy Pilkington, the chairman, was revealing little about how soon a home would be found for the money, beyond saying that the intention was to focus on growth opportunities in the UK.

After achieving something approaching go-go status in the 1980s - with profits peaking at £1.4m at the end of the decade - Vibroplant has fallen from grace in the 1990s. Part of its problems have been due to ill-judged acquisitions. The US business, built up in the 1980s, was at the root of a good deal of the difficulties. Senior management was distracted trying to sort it out and it has only recently come into real profits, recording a £1.4m turnover of £29m last year.

At home, diversifications like the Alphabet Event Hire operation acquired in 1992 have been equally poor, although with less severe consequences.

But management will surely be tempted to diversify away from its current range of activities. The outlook for the core business, hiring out compressors, dumper trucks and the like, continues to appear bleak, given its dependence on depressed markets like housebuilding and road building. The company has already moved to shake up the UK activities, centralising controls to tighten management.

Even so, analysts are still looking for profits to fall next year, on top of a downgrade following yesterday's sale. A figure of £4.75m this year is expected to be followed by less than £3.5m next, putting the shares on a prospective price/earnings of 17. Expensive.

In the case of SelecTV the code name chosen was Seagull. Not very inspiring, you might think. But someone has clearly made good

## Simon Pincombe CITY DIARY

### Shocked Exchange finds a journalist in its midst



Desperate as ever to touch base with ordinary business folk, the Department of Trade and Industry has turned to John Noakes (above), the legendary *Blue Peter* presenter, to spearhead its scheme for turning brilliant inventions into commercial successes. Mr Noakes apparently qualified for the job because he invented a version of the hang-glider when he was 10. He is pictured with something he made earlier.

starring the alarming combination of John Cleese and Dawn French.

So just who has been bopping up on the basics? The top five City clients are TSB, Halifax Building Society, Clydesdale Bank, Standard Life, the Kuwait Investment Authority and Eagle Star.

Frightening, isn't it? For those who really have trouble sleeping comes KIFM, "the 20-minute radio programme on cassette". True, it does sound like an American soul music station. But KIFM in fact stands for Kidsons Impey Finance Matters and the cassette features 20 minutes of "topical business stories" for the accountants' clients - including self-assessment, profit-related pay

"Wake up at the break there."

### New shake-up at Ingham

TOM STEVENSON  
City Editor

Ingham, the troubled classic car parts to worst spinning group, riven last year by dissent over the composition of its board and strategic direction, took a further step yesterday towards reinventing itself as an investment trust. It released delayed interim figures, confirmed management buyout of its textiles arm, said its property division was up for sale, recommended a 36p offer from an unnamed investor and announced the proposed resignation of its chief executive Alan Stephenson.

The latest tumultuous developments follow a disastrous two-year period for the company during which its share price has collapsed from a high in 1993 of 165p. Yesterday it confirmed a slump into the red in the six months to September, with last year's £853,000 profit reverting into a £1.09m loss.

Both the original spinning business and the more recent diversification into spare parts for classic cars such as MGs and Triumphs suffered with the textiles

businesses swinging from a £243,000 profit to a loss of £203,000. Exceptional charges included a £607,000 write-down in the value of the remaining properties in the property arm, a £195,000 charge to cover a strategic review of Ingham's businesses, and £555,000 for the disposal of the spinning business to management.

That deal followed the announcement last year that if a buyer could not be found for the textiles arm it would be closed at the end of 1995.

Attention now focuses on a reverse takeover of the company by a still unnamed investor that plans to use Ingham's quote to relaunch the business as an investment vehicle, possibly seeking investment trust status. The offer, pitched at 36p and likely to be accompanied by a substantial subscription for new equity, is understood to be considerably lower than the company's net asset value.

Ingham is also planning to close its head office in Harrogate, saving £200,000 a year, and transfer to Richmond, Surrey where its remaining motor operations are based.

#### IN BRIEF

##### Acquisitions cost CRH £39m

CRH, the Irish building materials group, has announced £38m (£39.2m) of investments and acquisitions in the US and Europe. Across the Atlantic, CRH is spending £214m, mainly on investments in plants producing a range of goods including concrete pavers, roofing products, pipes and glass lamination. In continental Europe since July, CRH has made acquisitions including a German roof-light maker and a Belgian maker of polystyrene foam and opened a joint venture builder's supply outlet in Portugal for a total of £12.4m. This comes on top of £11.6m spent since July on 23 new builders' merchants branches in the UK.

##### Bardon extends quarries

Bardon, the aggregates group, has announced the purchase of assets of the Airdrie-based Robert Paterson Precast for around £1m. The Paterson assets will give another fixed outlet for dry stone from Bardon's existing Dumfriesshire quarry.

##### United Breweries shares suspended

Shares in United Breweries were suspended after it was in advanced discussions for a reverse takeover of a company with a public house estate of similar size to its own. The Buckinghamshire-based pub operator currently has 140 outlets. Its shares were relisted last April following a six-month suspension ahead of a capital restructuring.

##### Thomas Locker takeover approved

Thomas Locker shareholders yesterday approved the £7.5m acquisition of the industrial drums maker Pentre in a reverse takeover. The green light comes in spite of opposition from John Carr, who has a near-23 per cent stake in Locker.

##### Jobs shake-up at Everest

Former finance director George Sanders has replaced Bob Gilbert as chairman of Everest foods. Mr Gilbert stays on the board as a non-executive director while Peter Lanni, financial controller, moves up to become finance director.

##### Sales rise at Merchant Retail Group

Merchant Retail Group, the Perfume Shop to Joplins department store company, said sales in the five weeks from 20 November to 23 December increased by 13 per cent. On a like-for-like basis, Joplins' sales were up 1.1 per cent. The Perfume Shop saw strong growth in pre-Christmas trading, with sales up 11.6 per cent on a comparable basis, 45.5 per cent including the benefit of nine new shops.

##### Ryland cautious on prospects

Ryland, the car dealer, has expressed caution about the second half of the year after experiencing a poor start in November and December. The comments came despite the announcement of pre-tax profits up from £1.15m to £1.55m for the first six months to October. Ryland said the last three months of 1995 had been the most difficult experienced for some time.

##### COMPANY RESULTS

	Turnover £	Pre-tax £	EPS	Dividend
Eastgate (F)	2.73m (2.56m)	0.71m (0.51m)	1.67p (1.65p)	0.5p (0.5p)
Dixons Group (F)	155m (740m)	37.5m (22.8m)	6.8p (3.7p)	2.05p (1.8p)
Ingham (F)	12.3m (13.8m)	-1.07m (0.85m)	-0.6p (3.2p)	0.1p (1.75p)
MAW (F)	108m (81.8m)	2.07m (2.51m)	10.88p (10.24p)	3.2p (3.25p)
Plyford Group (F)	155m (116m)	1.25m (1.15m)	3.55p (3.42p)	1.17p (0.27p)
Surelife (F)	18.5m (17.6m)	1.04m (1.9m)	30 (3.1p)	0.75p (0.73p)
Savills C Series (F)	134m (124m)	2.41m (1.46m)	16.6p (11.2p)	4p (3.5p)
(F) - Final (I) - Interim (W) - Nine months				

from £10 a week,  
and this is the only corner that  
*gets cut*

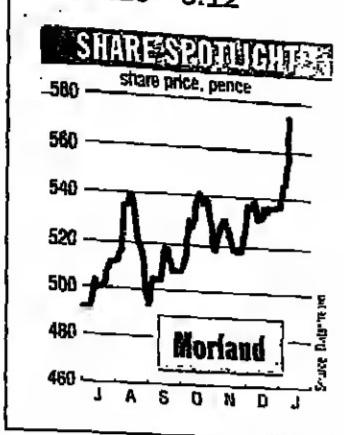
THE DOCUMENT COMPANY  
RANK XEROX

\*Price based on the Xerox 5214 and includes VAT. Major savings in the March 1996 Offer subject to postage. Two year minimum lease period. Written quotations available on request.

SPY 100-150

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n its

DATA BANKS			
FT-SE 100			
3,671.5 - 28.8			
FT-SE 250			
4,039.5 - 31.4			
FT-SE 350			
1,825.4 - 14.3			
SEAO VOLUME			
804.2m shares,			
31,374 bargains			
Gilts Index			
95.29 - 0.12			



## Airtours gets airborne again on hopes of US alliance

Shares of Airtours, which suffered acute embarrassment from the slump in overseas holidays last year, have soared since it announced a dramatic profits fall four weeks ago.

They climbed a further 1.2p to 418p against a 310p low just ahead of the results.

The big cutback in the number of holidays Airtours and the rest of the industry will offer this year has helped steady the shares.

The reductions should improve margins and prevent the overheating that savaged industry profits last year.

But the surge in the group's shares is due more to takeover than trading prospects.

Airtours' highly successful move into sea cruising is thought to have alerted Carnival Corporation, the big US cruise group. And, if stock market and travel industry stories are to be believed, the Americans are desperately

keen to absorb, or at least forge an alliance, with the UK group. But Carnival is only one name in the frame. Richard Branson's Virgin is another. There is persistent talk of a Virgin/Airtours trading deal although a bid from either party is regarded as highly unlikely.

The chances of a Carnival deal are more realistic. The group has the ammunition for a strike although it would need the support of David Crossland, Airtours' chairman, who accounts for nearly 27 per cent of the capital.

Michael Arison, Carnival's chief who has 10 per cent of the cruise group, and Mr Crossland are thought to be similar personalities who might be able to work together.

The market suffered its second consecutive reverse with the FT-SE 100 index off 28.8 points at 3,671.5. At one time it was off 38.5. Political uncertainty continued to ruffle

sentiment but New York was the main influence. During London opening the Dow Jones Average was, for a time, off more than 50 points enough to rattle traders who were still absorbing the 66-point overnight fall.

The fierce Forte takeover struggle dominated proceedings with Forte attracting an astonishing 48.3 million turnover. Even allowing for double-counting and various other factors it was a remarkably busy session for the beleaguered catering and hotel group.

Bidder Granada was not, it seemed, in the market so the frantic trading was apparently due to arbitraging and institu-

tional juggling. Forte rose 9p to 360p and Granada, with turnover put at 7.3 million, 16p to 633p.

Savoy 'A' put up 17p to 970p on the profit forecast and Whitbread, another on the fringe of the bid action, fell 6p to 675p.

Orland, the Thames Valley brewery that fought off the advances of neighbours Greene King nearly four years ago, frothed up 3p to a 575p peak.

The group is known to be seeking pub acquisitions and there are suggestions it is near to completing a deal. But there is also talk it could again attract takeover attention.

### MARKET REPORT

#### DEREK PAIN

Stock market reporter of the year



House of Fraser, the department stores chain, gained 5p to 168p despite its latest profit warning. Buyers took the view the current management could come under institutional pressure and the company was looking increasingly vulnerable to a takeover strike.

Allders, where the French luxury goods group LVMH has 2 per cent, fell 7p to 175p. Vodafone gave up 5p to 312p with a rumoured Cazenovia downgrading and New York influences doing the damage.

British Aerospace made further headway, up 9p to 833p, but British Petroleum and most of the oils gave ground. Lomro was actively traded ahead of today's results expected to include demerger details; the shares fell 3p to 187p. Charter retreated 12p to 852p on negative comments from Oracle. The shares rose 25p to 238p.

Cramwick, the food group expected to add to its pet food interests, shaded 6p to 176p.

180p and Telewest, paying £9.8m for the Worcester cable franchise, 8.5p to 140.5p.

Eurotunnel recovered 7p to 84p but NFC fell 2p to 143p as Mees Pierson said sell. Kurodollar, the car hire group, motored 15p ahead to 86p following an investment meeting.

Gold shares responded to the firm bullion price, over £400 an ounce for the first time for nearly 30 months.

Supermarkets were cut as James Capel downgraded the sector. The management changes at J Sainsbury were greeted with a 1p fall to 388p. High-tech shares were again ruffled by the weakness of US counterparts although Acorn Computer pulled out of its tailspin thanks to a link with Oracle. The shares rose 25p to 238p.

Cramwick, the food group expected to add to its pet food interests, shaded 6p to 176p.

### TAKING STOCK

Shop fitter Campbell & Armstrong jumped 4p to 20p as Highland Electronics, an unquoted group with a habit of investing in quoted groups, picked up 336,000 shares, lifting its stake to 17.3p per cent.

Campbell has had a difficult time since it arrived on the market in 1990, when its shares hit 138p. It lost £890,000 in its last half-year.

Southend Property gained 4p to 46p in busy trading with some shares going through at 47.5p.

Since making an unsuccessful £140m takeover bid for Frogmore five years ago, Southend, run by near 20 per cent shareholder Malcolm Dagur, has failed to make much impression. Still, it has attracted the elusive

Barclay brothers who have 12.4 per cent.

### SHARE PRICE DATA

Prices are in sterling except where stated. The yield is last year's dividend, grossed up by 20 per cent, as a percentage of the share price. The price/earnings (P/E) ratio is the share price divided by last year's earnings per share, excluding exceptional items.

Other details ex rights, ex dividend, suspended or partly paid shares.

Source Firststar

### THE INDEPENDENT INDEX

The index allows you to access real-time share prices by phone from Seaq. Simply dial 0891 123 335, followed by the 4-digit code printed next to each share. To access the latest financial reports dial 0891 123 335 followed by one of the two eight-digit codes below.

FTSE 100 - Real-time 00 Sterling Rates 04 Privatisation Issues 36  
UK Stock Market Report 01 Bullion Report 05 Water Shares 39  
UK Company News 02 Wall Street Report 20 Electricity Shares 40  
Foreign Exchange 03 Tokyo Market 21 High Street Banks 41

With a tone-dial telephone you can use this service. For a detailed description of the independent index, including its portfolio facility, phone 0891 123 335. For assistance, call our helpline 071 873 475 (9.30am - 5.30pm). Call cost 3p per minute (peak rate), and 9p at all other times. Call charges include VAT.

### MARKET LEADERS: TOP 20 VOLUMES

Stock	Volumes	Value	Stock	Volumes	Value	Stock	Volumes	Value
Forte	48,000	General Elec.	10,000	BT Inds.	7,700	BP	6,600	
Lloyd TSB	15,000	Diversos	9,400	Lodwar	7,500	Tesco	5,000	
Workers	14,600	Harrow	9,200	Smith & Neff	4,600			
Breath	14,000	BT	7,200	Petrol Roy	3,600			
HSBC (5th)	12,000	Gateshead	5,000	REXAM	4,500			
FTSE 100 INDEX HOUR BY HOUR			14.00 3862.5 down 35.2					
Open 3870.5 down 24.8			11.00 3872.3 down 27.0					
Close 3878.8 down 21.7			15.00 3865.3 down 36.4					
09.00 3878.8 down 18.6			12.00 3874.2 down 26.1					
10.00 3863.7 down 18.6			13.00 3863.7 down 30.2					
Close 3870.1 down 27.0			14.00 3865.1 down 32.6					

FT-SE 100 INDEX HOUR BY HOUR

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Close 3878.8 down 21.7

09.00 3878.8 down 18.6

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Close 3870.1 down





# sport

**DOWNFALL OF A COACH:** Allegations of malpractice at Spurs and in business have haunted England's leader, says David Hellier

## Sugar feud is a bitter burden for Venables

**Y**esterday's decision by Terry Venables to quit his job as England coach appears to signal the final chapter in a troubled era of the English game. Venables has by and large drawn approving reviews for his work in rehabilitating the national team after the debacle of the Graham Taylor reign, but throughout his period at the helm, acclaim for his footballing achievements has been overshadowed by allegations about his business methods.

Venables' troubles began in early 1993 when he fell out with Alan Sugar, his chosen partner for a "dream team" which had earlier rescued Tottenham Hotspur from the clutches of the late Robert Maxwell, and the wrath of the Midland Bank, which was owed more than £10m and threatening bankrupcy.

The Venables-Sugar partnership appeared to be an answer to the financial problems of one of England's most famous clubs. Venables, a minor businessman and proven football coach, had managed to

persuade one of Britain's most successful and ruthless businessmen to back his financial takeover of Tottenham.

Venables himself raised money for the rescue package and appeared to have the potential both to make himself a rich man, and to make Tottenham supporters forever in his debt at the same time.

But it was not to be.

By May 1993 Venables' rapidly deteriorating relationship with Sugar ended dramatically: in a classic boardroom coup that had been plotted over a number of weeks, Sugar, the money-man, forced his chief executive Venables out of the club, with the help of fellow directors who had turned against him.

Instead of going quietly and accepting a pay-off – which many other businessmen in this position may have done – Venables retaliated by taking the case to the High Court, thereby gaining temporary reinstatement. Outside the court supporters rallied to his cause, bringing the atmosphere

White Hart Lane to the unfamiliar surroundings of the Strand.

Inside the court an incandescent Alan Sugar made allegations about Venables' business practices and anything else he could throw at his opponent. After a three-day High Court hearing Venables was defeated and ordered to pay costs.

The bust-up at Tottenham instantly caught the imagination of the media, which was taking an increasing interest in some of the more controversial aspects in the boardrooms of some of Britain's top football clubs.

Football has always been the den: sin for some rough and ready business practices. But in the past few years, as the game has grown rich through the revenues from gigantic television deals, there is far more money to play around with.

In the autumn of 1993 Venables' public image was greatly damaged by a BBC *Panorama* programme and a Channel Four documentary, which appeared within days of one another and both focused on the two feuding football figures.

Venables denied the serious and detailed allegations programmes, and still has two writs outstanding against the BBC (an Italian restaurateur and friend of Venables named in the *Panorama* programme) and of Venables as coach of the England team on January 28, 1994.

Beginning with a victory over Denmark, England were widely seen as making footballing progress under Venables, but almost immediately there were reverses on the business side. In May 1993 he lost a High Court battle with Sugar to have his main wholly owned business vehicle, Edenton, wound up.

The Venables camp believes that the Sugar camp provided the impetus for some of the allegations in those two programmes and, whatever the truth in that claim, there have been a stream of damaging allegations against Venables since then, which he has spent a great deal of time, effort and money attempting to refute.



Winter of discontent: Terry Venables with David Platt and Peter Beardsley during England training at Bisham Abbey

Photograph: David Ashdown

### Terry Venables fact file

1943: Born Dagenham, 6 January.  
1958: Becomes Chelsea's apprentice.  
1960: Signed as a professional. Plays 202 League games and scores 26 goals for Chelsea.  
1963: Wins promotion to First Division.  
1964: Gains his full England caps – against Belgium and the Netherlands. Also capped at schoolboy, youth, amateur and Under-23 level – only player ever to be capped at every England representative level.  
1966: Transferred to Tottenham for £80,000. Plays 115 League games and scores 19 goals for Spurs.  
1969: Transferred to Queen's Park Rangers for £70,000. Plays 179 games and scores 19 goals for them.  
1974: Moves to Crystal Palace. Plays 14 games for them.  
1976: Appointed manager of Crystal Palace in June.  
1977: Guides Palace to promotion from Third Division.

1979: Takes Palace to Second Division championship.  
1980: Resigns in October to take over QPR.

1982: QPR reach FA Cup final.

1983: Guides QPR to Second Division championship. Became major QPR shareholder and managing director.

1984: Resigns in May to take over at Barcelona.

1985: Steers Barcelona to first Spanish League title in 11 years.

1987: Sacked in September. Appointed Tottenham manager in October.

1991: Spurs win FA Cup. Becomes chief executive after Alan Sugar wins takeover battle with Robert Maxwell.

1992: Sells Paul Gascoigne to Lazio for £5.5m.

1993: Contract as chief executive terminated by fellow directors.

1994: Named England manager.

Three months after the two programmes, and despite considerable unease in certain quarters, the Football Association named Venables as coach of the England team on January 28, 1994.

Beginning with a victory over Denmark, England were widely seen as making footballing progress under Venables, but almost immediately there were reverses on the business side. In May 1993 he lost a High Court battle with Sugar to have his main wholly owned business vehicle, Edenton, wound up.

In August the police began an inquiry into allegations that Venables paid the former Nottingham Forest manager Brian Clough a £50,000 bribe to arrange the transfer of a player to Forest. In November a second *Panorama* programme made further allegations about his business dealings. The police investigation into the bribe allegation was dropped ahead of the European Championships.

Officially the FA backed Venables, but in the last 12 months Venables became increasingly unsure of the support of all members of the members of the International Committee.

Venables' problems appeared to grow in 1995, climaxing in a particularly

damaging December. First the Department of Trade and Industry wrote saying that it was to start proceedings to disqualify Venables as a director. (Venables' solicitor, Ian Burton, claimed that the DTI's intention would not affect his client's preparation for the European Championships).

Then in a case which Venables lost against a businessman who was suing Scribes West, his west London club, the judge said that some of the England coach's evidence had been "wanton" and "not entirely reliable" to put it at its most charitable.

Friends of Venables were saying yesterday that the Eng-

land coach had been offered a new contract – to take him up to the World Cup in 1998 – and that the contract would reflect a higher remuneration package than he is currently on (above £200,000 a year, they say). But they said that he was unhappy about signing a new deal without being sure that he could count on the support of the whole committee or at least count on the committee putting on a unified public face.

"You would expect members of the committee to be rebuked for being quoted publicly questioning Terry's judgement when the FA is said to be officially backing him," a friend said last night.

The same source denied that his decision to quit after Euro 96 was influenced by a desire to have more time to continue his fight against Sugar and to continue trying to clear his name. "He has enough friends and advisers to do that for him," one source said.

The whole affair has been an extraordinary saga with tabloid newspapers, and their leading football writers lining up for and against Venables, for and against Sugar. Maybe Venables is hoping that once he has quit the most high-profile job in English football, his past business affairs will command rather less attention.

## Questions of Sport

### £40,000 to be won

Today we are giving you another sporting chance to win an instant cash prize of up to £1,000 in our Questions of Sport scratch card game. As well as the daily instant cash prizes, there is a weekly accumulator prize of £5,000 to be won. In Saturday's paper, and the Independent on Sunday, there was a Questions of Sport multi-choice scratch card which contains eight games, so you can play daily through to Friday 12 January. This Saturday we will give you another Questions of Sport scratch card.

**HOW TO PLAY**  
Today we are playing the section of the card dated Thursday 11 January. Below are three sporting questions, each with three possible answers coded as A, B and C. Scratch off your answer to Question Nineteen, either A, B or C in the Q19 column then repeat for Q20 and Q21.

**THE QUESTIONS**  
**Q19** Which first-class county cricket team play their home matches at New Road?  
A: Lancashire  
B: Warwickshire  
C: Worcestershire

**Q20** Which British stadium has two famous Twin Towers?  
A: Twickenham  
B: Old Trafford  
C: Wembley

**Q21** On a standard darts board, what is the highest possible score with three darts?  
A: 100  
B: 180  
C: 50

**RULES AS PREVIOUSLY PUBLISHED**

**IMPORTANT**  
Scratch off ONE letter only for each question. If you reveal three identical cash amounts on any one section on any day, you win that amount. After you have played the last game on your card, total the cash amounts you have revealed. If your total is £5,000 you win or share the £5,000 accumulator prize.

**HOW TO CLAIM**  
If you have revealed three identical cash amounts of £10 or under, DO NOT PHONE. Take the claim coupon OR a piece of plain paper with your name and address on it PLUS the relevant section of the card to one of the newsagents listed below. For prizes over £10, phone 01254 683666 (Irish Republic 0044 1254 683666) between 10.30am and 4pm Monday–Saturday. Participating newsagents: WH Smith, John Menzies, Fortbuys, Martins/RS McColl/Dillons, Gibbs, Macs, Superkids, United News Shops, Star News, K Baffour, Eason, GT News, Paperchain – Village Store, Paper Shop.

If you have any difficulty redeeming your card and coupon for a prize send both to: Independent Questions of Sport claims, PO Box 60, Burnley, BB10 1SH.

**RULES AS PREVIOUSLY PUBLISHED**

**SOME OF OUR WINNERS SO FAR:**  
Martin Smith from Lichfield, Staffordshire - £250  
Thurstan Robinson from Hartley Wintney, Hants - £250  
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## Modahl wins interim clearance

### Athletics

BY MIKE ROWBOTTOM

Diane Modahl has been told she can compete wherever she pleases while her successful domestic appeal against a doping ban awaits final judgment by the International Amateur Athletic Federation. But any rising hopes the 29-year-old Sale Harrier might have of competing for Britain in this summer's Olympics must be tempered by the mixed signals she is receiving from the world governing body.

An IAAF spokesman said yesterday that the three-man arbitration panel would meet "within the next two weeks to consider Modahl's case".

Modahl, however, received a faxed message yesterday after

noon from the IAAF lawyer, Mark Gray, saying that the logistics of the case made it "highly unlikely" that arbitration would be scheduled in January.

"We still have no idea when the panel will meet," Modahl's husband and coach, Vicente, said yesterday. "It could be March. It could be August."

If the panel finds against Modahl, the British 800 metres runner, the four-year ban which was overturned last Autumn after the appeal to the British Athletic Federation will be reimposed.

An IAAF spokesman said yesterday that the three-man arbitration panel would meet "within the next two weeks to consider Modahl's case".

It appeared anything but simple to Vicente Modahl

yesterday. Although he welcomed the news – which came informally via the IAAF lawyer in response to a journalist's inquiry – he was mystified over why such an apparent change of position had occurred.

"I spoke to the IAAF secretary, Istvan Gyulai, in October and he told me then that Diane would have to wait until arbitration before she would know whether she could compete abroad," he said.

"The IAAF have never allowed any athlete to compete pending arbitration before. Although we knew at the time that this was not in their rules, how the IAAF acts and the rules are two different things."

The IAAF rules on eligibility of athletes as they negotiate appeals against doping bans are clearly open to interpreta-

tion. The IAAF line has always been that athletes with domestic judgments in their favour may compete domestically, but are obliged to await international judgment before taking part in events abroad.

Tony Ward spokesman for the BAF, said: "Since the appeal it has always been the case that Diane has been able to run here. We are a bit surprised it has come out like this, but we are nevertheless delighted for Diane."

In the last six years athletes such as Butch Reynolds, Katrin Krabbe and John Ngugi have been told they cannot run internationally pending arbitration on doping offences.

Admittedly, there is no exact parallel with Modahl, who is disputing a finding of massive testosterone levels in a urine sample she gave in June 1994.

## Rusedski races to record victory

### Tennis

Greg Rusedski set a tournament record in Sydney yesterday when he whitewashed Carsten Ariens inside 29 minutes at the Peters International event.

Rusedski followed up Tuesday's defeat of the No 2 seed Richard Krajicek, with a 6-0, 6-0 second-round demolition of the German, serving 10 aces and dropping just six points in each set. Event organisers said later that they believed the win was the fastest in the tournament in the modern era.

However, there was no such luck for Rusedski's fellow Briton Tim Henman, who failed in his bid to reach the quarter-finals. The British national champion, who had knocked out Mark Philippoussis yesterday, was beaten 3-6, 6-3, 6-3 by another Australian, Mark Woodforde.

The joint women's world No 1, Monica Seles, announced her return to tennis in Australia with an emphatic 6-1, 6-2 defeat of Belgium's Dominique Moceanu. Playing in front of an enthralled 7,000 centre court crowd, Seles completed her second-round match with a

minimum of fuss and showed glimpses of her clinical best as she routed Monami in 55 minutes.

The match was the Yugoslav-born American's first since her US Open final defeat by Steffi Graf last September. It was also her first in Australia since she won her third successive Open title in January, 1993. One unexpected feature of the match was that the 22-year-old Seles was foot-faulted twice. "I've never been foot-faulted before in my life. I've got to see what I'm doing with my foot when I serve," she said.

The men's world No 2, Andre Agassi, yesterday demonstrated his full recovery from a chest injury as he began his preparations for the defence of his Australian Open title. The 25-year-old American enjoyed a thorough work-out lasting almost three hours before beating Australia's Pat Rafter in three sets, 7-6, 6-7, 7-6 at the Colonial Classic at Kooyong, Melbourne.

"I feel healthy and I had no problem with my injury," Agassi said. He originally sustained the niggling ailment during the Davis Cup semi-final against Sweden in late September.

## Illingworth has no time for the family

### Cricket

Ray Illingworth has singled out the "distractions" of Cape Town as one of the reasons for England's slump in fortunes. The chairman of selectors believes the arrival of wives, girlfriends and children significantly altered the focus of the England squad. Since arriving in Cape Town on New Year's Eve, Mike Atherton's side have lost the final Test and with it the series, and two one-day matches under the lights of the New Year's Eve. Illingworth reacted to Tuesday's sixth-day international against South Africa by again raising the sensitive issue of the presence of family and friends on tour.

"There have been a lot of distractions in Cape Town," Illingworth said. "For the first three Tests of the series people were very committed and everyone had their thoughts channelled. I don't care what anyone says, it is difficult when family and friends are around. But now we must get back our discipline and our focus."

Atherton, the captain, said that his side's lower middle order had "bottled it" after a slide from 155 for 3 to 205 all out. Illingworth echoed Atherton's comments and hinted that some team changes would be made for today's game in Bloemfontein, also a day-night affair. "Our tail is not getting many runs against their bowlers and against Allan Donald in particular. He's only conceding two or three wickets over later on and we know the South Africans are going to continue using him during the latter part of our innings."

Illingworth may use Jack Russell down the order and said that Dermot Reeve would also be capable of the role, but he was short of match practice. Illingworth also hinted that Robin Smith might get a recall, possibly in an opening role alongside Atherton – with Alec Stewart rested to allow Russell to take over the gloves.

Australia A completed an emphatic six-wicket win over West Indies in Sydney yesterday, reaching 243 for 5 from 50 overs. West Indies' problems were compounded by an injury to Richie Richardson, who aggravated a hamstring problem and is now doubtful for the World Series Cup match against Sri Lanka on Sunday.



